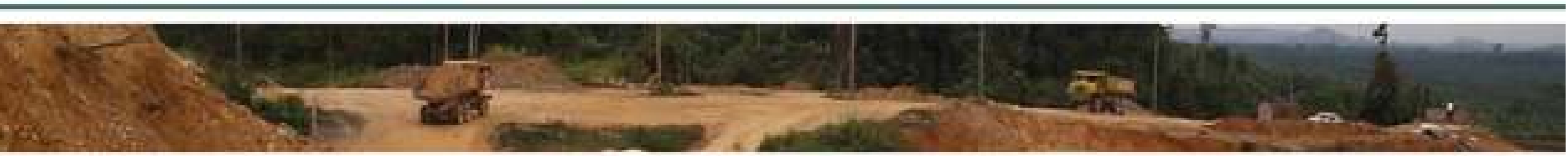
TSX-V:MMY
FSE: D7Q1

A New Era for **GOLD PRODUCER**

MONUMENT
MINING LIMITED

MOVING TO BUILD GOLD RESOURCE PIPELINE AS GOLD SURGED TO NEW HIGH IN 2010 WITH A LARGE EXPLORATION LAND POSITION AND ITS FIRST OPEN PIT MINE OPERATING IN MALAYSIA AT LOW COST PRODUCTION.



Annual Report June 30, 2010

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Caution on Forward Looking Statements

The report 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 implies by such forward-looking statements. There forward looking statements are set forth under the heading "Outlook" if any, and elsewhere in the Management's Discussion and Analysis and may include statements regarding work in progress, timelines, and budget estimates of construction, commissioning and production of the gold treatment plant at Selinsing Gold Mine Project; exploration results and budgets, mineral reserve and resource estimates, capital expenditures; strategic plans; proposed financing transactions; or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. Given the reasons, risks and uncertainties set forth above readers are cautioned not to place undue reliance on such forward-looking statements described in the Company's public filings with securities regulatory authorities. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in fluctuations in gold and related commodity prices and currency exchange rates, uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the issuance of required permits; the changes in environmental legislations in all jurisdictions in which the Company operates; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possiblity of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals and other risks and uncertainties disclosed in the Company's annual report and other information released by the Company and filed with the appropriate regulatory agencies.

MONUMENT MINING LIMITED

monument mining limited

The year we are reviewing has been a milestone year for our company – it has become a junior gold producer within two and a half years of entering the gold mining industry. The company has also generated its maiden profit, amounting to C$13.5 M audited from only 8 months of operation in the period to June 2010. The production for the same period was 13,792 ounces of gold at a cash cost of US$226 per ounce during commissioning, a very respectable achievement by industry standards. This is a tremendous achievement of which our staff and the shareholders can be very proud.

The thanks for this goes not just our supportive shareholders - but also to our tremendous staff. It may not be well understood by the market, that the company has not only developed an open pit gold mine and built an operating gold treatment plant, but it has also built a 158 person work force of professionals and operators at the Selinsing mine site. These people are, with the exception of two expatriate professionals, all Malaysians - mostly from the local area. They were all recruited by our local management and we are indebted to our General Manager at site Mr. Kevin Wright together with his technical and administration staff. Together, they designed, built and now manage and operate the facility, including the entire infrastructure. The company did not engage a contractor – but chose to build the project itself.

The project operates autonomously, under the usual internal controls designed and put in place by our head office, with every template, form and procedure having been designed and installed by our own head office senior staff. These are very necessary controls, especially for a remotely located site and our CFO Cathy Zhai and her accounting staff must receive a special vote of thanks for their hard work, staff training and diligence.

The Company has plans to increase the size of this treatment facility, with the objective of being able to increase the capacity from a nominal 400,000 tonnes per year to approximately 1,000,000 tonnes per year. With two operating mills and the flexibility that will be designed into the circuit, we will have the ability to handle a range of annual tonnage and ore types, as our exploration efforts bear fruit.

Since year end we have closed the Famehub transaction and acquired access to an additional 32,000 acres of exploration land together with a significant data package of exploration information on that land, which will save us years of grass roots exploration effort and cost.

In addition to Selinsing and Buffalo Reef, which we are still also exploring, we will have at least 9 other areas that we will be exploring in order to develop a pipeline of projects with the objective of increasing our Reserves and resources to increase the life of the mine. All of these projects are located within reasonable haulage distance of the Selinsing treatment plant.

The work done this last year is formative, and has set the stage for future growth with the ability to generate significant free cash and profits in a 5-year tax free window that your management will be trying to take advantage of in order to further develop the company.

R.F. Baldock,

President and CEO

COMPANY'S PROFILE

Monument Mining Limited is a publicly traded company listed at Toronto Venture Exchange and Frankfurt Stock Exchange with Operating headquarters in Vancouver, British Columbia, Canada.

The Company has developed an open pit mine with a 400,000 tpa gold treatment plant at its primary property Selinsing Gold Project ("Selinsing") in Malaysia. The production has partially commenced in 2010 with annual production projected at 40,000 ounces.

The Company has positioned the primary gold mineral properties in Malaysia and is strategically building up its pipelines of gold mineral assets, initiated from Selinsing and Buffalo Reef, and extended to the Famehub properties recently.

Selinsing Resources

Resource	Tonnes	Grade	Au Oz
Indicated	4.82m	1.49 g/t	230,000
Inferred	10.32m	1.17 g/t	388,000

Buffalo Reef Resources

Resource	Tonnes	Grade	Au Oz
Indicated	1.94m	2.49 g/t	155,800
Inferred	.568m	1.62 g/t	29,600

Famehub Properties

The property has 32,000 acres of prospective exploration lands adjacent to the Selinsing Gold Mine (the "Famehub Property") and a corresponding data package.

Why Monument

- Established Platform for Future Growth
  Low-cost gold production at 100% owned Selinsing Property
- **Addition to Reserve Ounces** with 100% owned Damar Buffalo Reef Property
- **Years of gold exploration** ahead at large Famehub land package
- **Attractive Valuation** - trading at low market cap relative to peers

MINE DEVELOPEMENT

A success mine builder

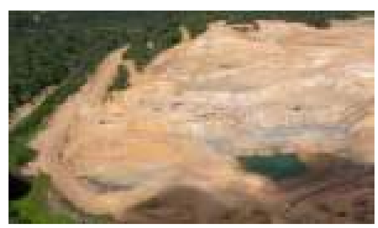
The Selinsing Gold Project was acquired in June 2007. The Company has since designed, funded and built a 1,200-tonne-per-day operation. The gravity circuit was put into production in January 2010, commercial production commenced in September 2010 subsequent to the year ended June 30, 2010.

Development highlights

- From Green Field Acquisition to Gold Pour
  - 28 months
- Completion of Construction
  - 24 months
- Low capital expenditure
  - $20 Million
- Gravity circuit in production
  - January 2010
- Full commercial production
  - September 2010

First open pit in June 2007

First open pit in June 2010

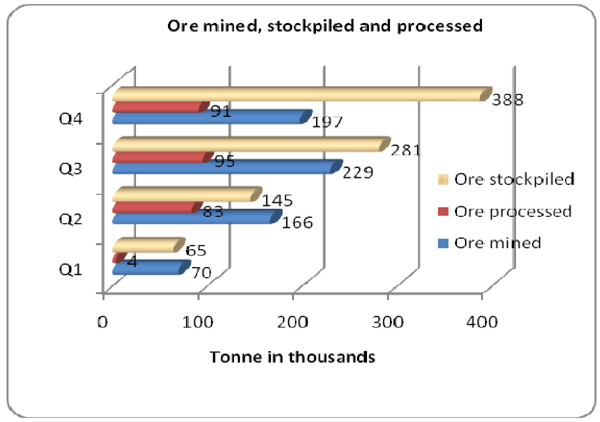


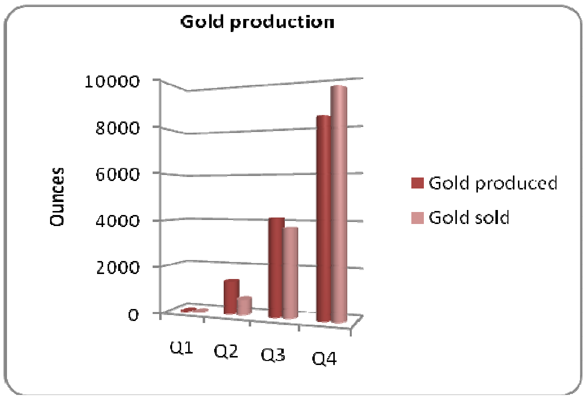
Plant site in June 2007

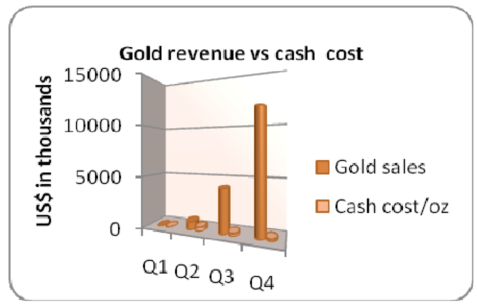
Plant site in June 2010

2010 OPERARION AT A GALANCE

Monument initiated mining in July 2009, and commenced production at its gravity circuit in January 2010 following the first gold pour in October 2009. The following charts represent operating results from partial production without the CIL circuit, which was fully commissioned in August 2010 subsequent to fiscal 2010 and since has been operating achieving 90% capacity with gold average recovery 92%~95%.







The Company has generated gross proceeds to the end of fiscal 2010 of $17 million dollars at an average cash cost of $234 per ounce.

OUTLOOK – A GROWTH FOCUSED JUNIOR GOLD PRODUCER

Monument has enjoyed high gold prices, but its success is not dependant on continued rising bullion prices. The success excellences saw from Monument's management can be summarized as:

- Responsible, highly experienced management aiming on **DELIVERY**
  The Company has built a strong management team at all levels and will continue to maintain its corporate culture as be able to keep what has been promised to investors and be able to deliver.

- Resource expansion always **PLANNING AHEAD**
  After fiscal year end, a twelve month extensive exploration program was announced targeted on doubling gold resources at Selinsing and Buffalo Reef by converting inferred resources to indicated and measured; the program will also further identify prospective targets on the newly acquired Famehub properties.

- Productivity enhancement **KEEPING COST LOW**
  Monument is planning to use newly raised capital to expand current capacity of the gold processing plant by adding an additional mill.

- Positive return **RICH IN CASH RESERVES**
  Monument always exercises the best effort ensure positive cash flow to mitigate economic risk.

2011 Exploration Program – a focus on blue Skye

The board of directors has approved a $3.4 million budget to immediately recommence exploration at its wholly owned properties in Pahang State, Malaysia. The 12 month program consists of 116 drill holes totaling 18,390 meters on the Selinsing, Damar Buffalo Reef and Famehub properties.

The exploration programs will focus on two primary properties:

The **Selinsing Property exploration program** includes 22 drill holes comprising 1,000m RC drilling and 3,000m diamond drilling and is budgeted at $0.6 million. The drill program is aimed at increasing the reserves by converting the inferred resources below the present Selinsing open pit outline and is projected to be completed by March 2011.

Buffalo Reef Property exploration program includes 33 drill holes comprising 2,500m RC drilling and 3,200m diamond drilling and is budgeted at $0.8 million. The drill program is an extension to the previous 11,871m of shallow RC drilling programs completed in 2008. It is aimed to convert the inferred resources into measured and indicated category and to update the JORC Code compliant gold resource to NI 43-101 standards. Metallurgical and recovery test work will also be performed on the Buffalo Reef ore as part of the work program.

In line with the Company's strategy to develop a pipeline of Malaysian mineral resource assets, exploration will also commence at the Famehub Properties located to the North and North East of the Selinsing and Buffalo Reef properties.

The Famehub properties contain 32,000 acres of prospective exploration land acquired from Famehub Sdn Bhd in September 2010. A total of 40 million Australian dollars was previously spent on the properties including airborne geophysics, regional stream sediment sampling, rock chips and soil sampling and limited RC drilling.

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

1.1 Date

The following management discussion and analysis of Monument Mining Limited ("Monument" or the "Company") as of September 27, 2010 should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2010 and related notes, which have 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 and at www.sedar.com.

1.2 Overview

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

The Company's current 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 of gold resources.

Fiscal 2010 started with commencement of open pit mining in July 2009 at Selinsing property, followed by the first gold pour from the gravity circuit in October 2009. The Phase I gravity circuit was fully commissioned and was placed into pre-commercial production in January 2010, from which $16 million cash was generated during the year to fund the Phase II CIL (Carbon in Leach) circuit construction and the first open pit mine operations. The commissioning of the CIL plant was completed subsequent to the year ended June 30, 2010. Aggregate costs of construction and mine site development as at June 30, 2010 were $17.4 million. In September, 2010, the Company announced commercial production and has become a junior gold producer.

A drill program confirming gold resources at Buffalo Reef was completed in fiscal 2009, except diamond drilling, which together with further exploration programs has been put on hold for additional financing during fiscal 2010. Subsequent to the year ended June 30, 2010, the Company closed a $13 million financing through issuance of convertible notes and a gold forward sale, and immediately completed 32,000 acres prospective exploration land acquisition (Famehub). As a result, the Company has entered a new stage of growth, to implement strategic regional exploration programs targeting to increase the measured and indicated resources at both Selinsing and Buffalo Reef properties as well as the Famehub property. On September 22, 2010, the Company announced a $3.4 million exploration program on its Malaysian properties aiming at increasing the gold resource assets and building up its development pipeline in Malaysia.

High Lights for Fiscal 2010

1. On July 1, 2009, mining activities commenced at the first open pit of Selinsing property. The Company awarded the mining contract to Minetech Construction Sdn Bhd. Mining equipment was mobilized to the mine site, and a mining contractor's workshop and camp site were established. Excavation started in the first week of July by removing slide material from an old open pit;
2. In October 2009, the gravity circuit was commissioned and was in pre-commercial production with the first gold pour; mill through put achieved 32,800 tonnes per month in December 2009;
3. On December 21, 2009, the Company announced it had signed Term Sheets to raise $12 million comprised of a $7 million convertible note and $5 million forward gold sales to fund its continuing exploration programs, the acquisition of exploration prospective land and the extension of phase III gold treatment plant;
4. In the second quarter of fiscal 2010, the stage 1 tailing storage facilities were completed under monsoon season conditions, providing storage capacity for 16 months' tailings discharged from plant production with design allowing for expansion in lifts over the project expected life of more than 5 years;
5. In the third quarter of fiscal 2010, the manufacturing license for the establishment of the Carbon in Leach processing plant at the Selinsing Gold Project was issued by the Malaysian federal government;

6. The Environmental Management Plan (the "EMP") for the Selinsing project was developed during the year and approved by the Ministry of Environmental Department of Pahang state, Malaysia. The EMP documents the organizational structure, responsibilities, procedures, and resources that enable the Company to manage all relevant environmental issues and to effectively comply with environmental regulations.
7. On February 12, 2010 the commissioning of the CIL plant was commenced;
8. Subsequent to the year end, the Company closed a $13 million financing on August 11, 2010;
9. Subsequent to the year end, on September 13, 2010, the Famehub acquisition transaction was complete; as a result, the Company has obtained 32, 000 acres of prospective exploration land;
10. Subsequent to the year end, on September 22, 2010, the Company announced a $3.4 million 12-month exploration program, consisting of 116 drill holes totaling 18,390 meters on the Selinsing, Damar Buffalo Reef and Famehub properties.

1.2.1 Property Agreements

Acquisition of Selinsing Gold Project

On June 25, 2007, through its wholly-owned Malaysian subsidiary, Polar Potential Sdn. Bhd., the Company acquired 100% of the Selinsing Gold Property including two mining concessions from Wira Mas Trust (the "Vendor"), together with a 100% interest in Able Return Sdn. Bhd., the former Trustee of Wira Mas Trust, a Malaysian company holding Malaysian Pioneer status which among other benefits provides a 5-year tax break from Malaysian Federal and other taxes. The property is located in Pahang State, Malaysia. The total acquisition cost of $29,195,241 was comprised of $3,500,000 cash, a promissory note of $9,000,000 fair valued at $8,181,818, the issuance of 31,400,009 fully paid treasury shares at an ascribed value of $0.50 per share and 5,000,000 share purchase warrants.

Acquisition of Damar Consolidated Exploration Sdn. Bhd.

Concurrently with the acquisition of the Selinsing Gold Project, the Company acquired 100% of the shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a company incorporated in Malaysia, from Avocet Mining PLC ("Avocet"), the parent company of Damar located in London, United Kingdom; thereby acquiring the Buffalo Reef property, which is contiguous and continuous with the Selinsing Gold Project for approximately 4.2 kilometers along the regional gold trend. A total of $1,750,000 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).

Acquisition of the Famehub Properties

On January 14, 2008, the Company signed a Letter Of Intent ("LOI") with Famehub Venture Sdn Bhd. ("Famehub"), a company incorporated in Malaysia. Pursuant to the LOI, Famehub has agreed to sell and Monument has agreed to purchase 32,000 acres of the prospective exploration land (the "Famehub Properties") and associated data base (together, the "land package"), for consideration of $5 million. This land is located to the east and north along the trend of Selinsing's Gold Property and Buffalo Reef property, commencing approximately 500 meters from the existing ground held under the above two project's eastern boundaries.

In February 2010, the "Agreement of Purchase and Sale of Shares" (the "Famehub Acquisition Agreement") was drafted, according to which the Company shall acquire the land package through its wholly owned subsidiary, Damar Consolidated Exploration Sdn Bhd, by purchasing 100% of the issued and outstanding Famehub shares (the "Famehub acquisition"). The total consideration of $5 million for the Famehub acquisition consists of $1.5 million in cash and 14 million fully paid and non-assessable common shares of the Company.

The Famehub acquisition was closed on September 13, 2010, subsequent to the year ended June 30, 2010, upon receipt of the TSX-Venture Exchange's acceptance and an independent technical report from Snowden Consulting Group (Australia).

1.2.2 Projects Update

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 resources of the Selinsing Gold Project are comprised of an indicated mineral resource of 3,630,000 tonnes at 1.76 gpt, using a cutoff of 0.75 gpt for contained ounces of 205,000 ounces of gold, and an inferred mineral resource of 7,690,000 tonnes at a grade of 1.34 gpt for contained ounces of 330,000 ounces of gold at a similar cutoff grade. It is a near surface open pitable resource that metallurgical test work indicates and subsequent mill production records confirm recovery of between 92% and 95%.

Subsequent to the year ended June 30, 2010, the Company initiated an exploration program including 22 drill holes comprising 1,000m RC drilling and 3,000m diamond drilling budgeted at $0.6 million. The drill program is aimed to increase the reserves by converting the 388,000 ounce inferred gold resource below the present Selinsing open pit outline and is projected to be completed by March 2011.

<u>Mine Development</u>

The Company commenced the Selinsing gold mine development in October 2008 for a total budget of $17 million. The project includes the mine site and camp development; the 1,200 tpd gold treatment plant construction comprised of the Phase I gravity circuit and the Phase II CIL circuit, and the tailing storage facility development capable to store a 16 month tailing discharge from the processing plant.

During the year, 96% of the project has been completed costing $17.4 million except the commissioning of the CIL circuit which was delayed due to the late delivery and replacement of the faulty CIL agitators.

The gravity circuit poured the first gold in October 2009 and was placed into production in January 2010. The 650kW ball mill was running at the designed capacity since December 2009 at an average 30,000 tonnes per month. Total mill through put of 272,120 tonnes for fiscal 2010 contained 26,942 ounces of gold, of which 15,892 ounces of gold was transferred into the gravity circuit. Discharged ore materials were pumped to the cyclone cluster, and cyclone overflow in turn was temporarily stored in the tailing pond for further leaching process through the CIL circuit in the future.

The CIL circuit was fully commissioned in August 2010, subsequent to the year end. The commercial production of the Selinsing Gold Mine commenced at the beginning of September 2010.

<u>Production</u>

Mining and gravity plant operating results as at June 30, 2010 are provided as the following:

	Q1	Q2	Q3	Q4	Total
Ore Mined (tons)	69,524	165,823	229,495	197,488	662,330
Ore Processed (tons)	3,524	82,828	95,022	90,746	272,120
Ore Stockpiled (tons)	64,533	145,034	280,737	387,545	387,545

	Q1	Q2	Q3	Q4	Total
Gold produced (oz)	-	1,400	4,127	8,266	13,793
Gold Sold (oz)	-	660	3,716	9,417	13,793
Revenue (in 000' US$)	-	764	4,135	11,416	16,316
Cash Cost/oz (US$/oz)	-	371	234	198	226

The cash cost per ounce is calculated based on a partial production under the pre-commercial production stage. It neither represents costs incurred under a normal course of production, nor indicates future cash cost per ounce for the gravity production.

Buffalo Reef Prospect

Through Damar, the Company holds 100% of the Buffalo Reef Prospect consisting of two contiguous tenements approximately 2,050 acres in size in Pahang State of Malaysia and extending 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.

As part of the due diligence program prior to the closing of the acquisition of Damar, the Company commissioned the preparation of a NI 43-101 report on the Damar Buffalo Reef Prospect. The report concluded there was a historic resource which was not NI 43-101 compliant.

Prior to fiscal 2010, the Company completed two drilling programs in 2008 and 2009 for 11,871 meters of reverse circulation drilling ("RC drilling") with 1,400 meters of diamond drilling pending at the South, Central and Northern Zone of Buffalo Reef. The assay results were announced by the Company through a series of news releases with a positive outlook confirming historic drill results (refer to www.sedar.com). These adjacent mineral exploration programs, if successful, are expected to result in an increase in economic benefit for the planned mine development at Selinsing by adding potential resources within economic haulage distance of the Selinsing Gold Project.

The diamond drilling work included in Phase I program was not commenced during fiscal year 2010 due to financial constraints caused by non-delivery of a $10 million credit facility during the period of economic downturn in 2008. On September 22, 2010, upon completion of the $13 million financing, the Company has initiated a drill program including 33 drill holes comprising 2,500m RC drilling and 3,200m diamond drilling, budgeted at $0.8 million. The drill program is an extension to the previous 11,871m of shallow RC drilling programs completed in 2008. It is aimed to convert the inferred resources into measured and indicated, and to update the JORC Code compliant gold resource to NI 43-101 standards. Metallurgical and recovery test work will also be performed on the Buffalo Reef ore as part of the ongoing development program.

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	June 30, 2010	June 30, 2009	June 30, 2008
Current assets	$ 10,999,920	$ 6,263,962	$ 7,491,928
Other assets	53,585,678	56,837,573	47,431,649
Total assets	64,585,598	63,101,535	54,923,577
Current liabilities	3,859,014	2,110,014	3,771,936
Other liabilities	3,330,019	2,288,102	830,537
Shareholders' equity	57,396,565	58,703,419	50,321,104
Total shareholders' liabilities and equity	64,585,598	63,101,535	54,923,577
Working capital	$ 7,140,906	$ 4,153,948	$ 3,719,992

1.4 Results of Operations

	Three Months ended June 30,		Year ended June 30,	
	2010	2009	2010	2009
Net loss for the period	$ (601,649)	$ (990,066)	$ (2,936,587)	$ (3,498,950)
Earnings (loss) per share	(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares	156,115,028	155,640,028	156,003,110	150,492,713

The operating results of the Company reflect its on-going corporate business development, administrative costs and other income or expenses such as interests and foreign exchange gains or losses.

Twelve month results

For the year ended June 30, 2010, the Company reported a net loss of $2,936,587, or $0.02 per share, compared to a net loss of $3,498,950, or $0.02 per share, reported for the corresponding period in fiscal 2009.

The operating expenses of $2,779,937 for fiscal 2010 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 $1,227,420, the Company incurred operating expenses of $1,552,517 compared to operating expenses of $2,040,393 for fiscal 2009.

General and administration expenses, decreased by 13% to $1,018,132 in fiscal 2010 from $1,168,403 in fiscal 2009, were comprised of salary expenses of $782,030 (2009 - $665,956) and office rent, general office expenses $236,102 (2009 - $502,447). The salaries increased comparing to the same period of the last year reflecting increased corporate activities, which are partially offset by decreased general administrative expenditures.

Shareholder communications, conference and travel expenses totaled $251,078 in fiscal 2010, decreased by $281,042 from $532,120 in fiscal 2009, reflecting budget cuts implemented as a result of the global recession. The regulatory and filing expense was $29,886 in fiscal 2010 compared to $46,160 in the same period of fiscal 2009 primarily due to non-recurring cost of fees paid to TSXV for the new stock plan in 2009. Legal, accounting and audit expenses were $235,148 in fiscal 2010 compared to $280,086 in fiscal 2009, the variance reflects a non-recurring audit fee adjustment in the same period of 2009 and reduced general legal expenses.

During fiscal 2010, a total $1,496,855 (2009 - $1,890,837) stock-based compensation expenses were credited to contributed surplus, of which $1,227,420 (2009 - $1,416,204) was charged to operations, $269,435 (2009 - $474,633) was charged to exploration, mine development and construction of the plant.

During fiscal 2010, the Company received $29,675 (2009 - $311,591) interest income generated from a cash balance. The Company incurred a foreign exchange loss of $192,424 compared to $352,911 for the prior year.

1.5 Summary of Quarterly Results

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

	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Mar. 31, 2010	Jun. 30, 2010
From Continued Operations	$	$	$	$	$	$	$	$
Net loss	848,652	902,217	758,015	990,066	751,741	830,209	759,859	601,678
Loss per share	0.01	0.01	0.00	0.01	0.00	0.01	0.00	0.00

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 and production at Selinsing and exploration at Buffalo Reef.

The Company's cash balance as at June 30, 2010 was $4,134,141, decreased by $2,048,461, from $6,182,602 as at June 30, 2009. During fiscal 2010, $6,286,751 was used in operations; $4,411,148 was generated from investing activities; and $156,741 was spent on financing activities.

During fiscal 2010, the Company spent $6,286,751 on operating activities compared to $1,749,681 in fiscal 2009, the increase was primarily due to inventory of $4,818,599 at Selinsing Gold Project, reflecting purchase of mine operation supplies, mining expenditure to stockpile ores and milling process expenditure to extract the gold component from ore materials.

Investment in mineral property development, construction and other capital assets in fiscal 2010 has produced a positive cash flow of $4,411,148 (2009 – ($8,691,447)) comprised of $9,017,755 spent for plant construction and purchase of other capital assets (2009 - $6,491,046), offset by $808,525 in gold sales as a result of commissioning of the gravity circuit; $690,198 for mineral property development (2009 - $2,200,401), offset by a net operating profit of $13,310,576 (2009 - $nil) from the gravity circuit, which was charged to mineral properties during the pre-commercial production period.

During fiscal 2010, the Company incurred legal and regulatory fees of $140,932 for $13 the million financing transaction, $1,170 for issuance of common shares of the Company and $14,639 for capital leases.

As at June 30, 2010, the Company has a positive working capital of $7,140,906 compared to $4,153,948 as at June 30, 2009 increased by $2,986,958 as a direct result of gold sales. The accounts payable increased to $3,844,291 at June 30, 2010 from $2,095,964 at June 30, 2009 primarily attributed to construction and mining costs incurred during the year.

During fiscal 2010, the net shareholders' equity has decreased by $1,306,854 primarily due to the operating loss of $2,936,587, partially offset by an increase of $1,496,855 in contributed surplus due to stock-based compensation cost incurred. From time to time the Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development expenditure, acquisitions, capital assets upgrades, etc.

1.7 Capital Resources

The Company's capital resources as at June 30, 2010 included cash and cash equivalents. The Company's primary sources of funding are though equity financing by issuance of stock, debt financing and sale of gold. From time to time the Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development expenditure, acquisitions, capital asset upgrades, etc.

Shares issued for debt

On September 25, 2009, the Company issued 475,000 Monument shares to settle a debt owing to Avocet.

Avocet has been operating a gold mine in Malaysia since 1996 which is located approximately 45 kilometers from Monument's Selinsing property. Avocet has provided assistance to Monument in training mining and gold plant processing operators at Monument's Selinsing Gold Mine Project.

The training assistance costs of $134,048 (US$131,600) were fully paid by issuance of 475,000 Monument shares at $0.28 per share. All shares issued are subject to a four-month hold period.

Convertible Note and Forward Sale of Gold

On December 21, 2009, the Company announced that it had signed Term Sheets to raise up to $12.0 million of new capital. The new funding is in lieu of the $10 million dollar credit facility which was not completed due to the global credit melt down in late 2008 and early 2009.

The financing closed on August 11, 2010, subsequent to the year ended June 30, 2010, with an overallotment of $1 million totaling $13 million comprised of the private placement of $8 million in convertible notes (the "Notes") and a $5 million forward sale of gold (the "Forward Sale").

The Notes have a term of five years and one day from the date of the issuance and must be repaid by the Company at the end of the term in cash at 121.67% of the principal amount. Any early repayment of the Notes will result in a pro-rata adjustment of this repayment amount. The holders of the Notes (the "Note holders") may, at any time, convert the Notes into units at a price of $0.40 per unit with each unit comprising one common share of the Company and one common share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per share, expiring five years from the date of issuance of the Notes. The conversion price of the units and the exercise price of the warrants are subject to adjustment in accordance with anti-dilution provisions of the Notes and the warrants.

In connection with the issuance of the Notes, the Company entered into gold option agreements with each of the Note holders (the "Option Agreements") whereby the Note holder has the option to acquire gold from the Company up to an amount equal to the balance of the Note outstanding at the price greater of: (i) $1,000 per ounce; and (ii) the gold price in US dollars as set by the London PM Fix and converted to Canadian dollars at the noon rate of exchange published by the Bank of Canada on the maturity date of the Notes, less a 5% discount. In addition, as an inducement to enter into the subscription agreement for the

Notes, the Company granted Note holders the option to purchase an aggregate of 5,714 ounces of gold at a price of $1,000 per ounce and 2,857 ounces of gold at a price of $1,250 per ounce at any time during the term of the Notes commencing 18 months after closing.

The closing of the Forward Sale resulted in the advance of $5 million to Monument. Repayment of the advance will be made in gold of 5,000 ounces with adjustment reflecting foreign exchange fluctuations between Canadian dollars and US dollars. The Forward Sale has a term of five years and one day. Warrants for the purchase of 5 million common shares with the same terms as described in connection with the Notes above were issued to the lender on closing. The warrants must be either exercised or otherwise expire on a pro-rata basis within 30 days of the delivery of gold by the Company.

The Company's obligations under the Option Agreements and the Forward Sale are secured by designated gold metal accounts of the Company. In connection with such security, the Company is required to deposit an aggregate of 397 ounces of gold per month from the end of the first month following the earlier of (i) commencement of commercial production of the gold treatment plant of the Company's Malaysian subsidiary for its gold production operation in Malaysia; and (ii) the date that is three months from the closing, up to a maximum 13,000 ounces of gold.

A finder's fee and a financial advisory fee together totaling 10% were paid in cash in connection with the issuance of the Notes and the closing of the Forward Sale. Byron Capital Markets acted as financial advisor to the Company in connection with issuance of the Notes and the Forward Sale.

The Notes, any securities issued upon conversion thereof, the warrants issued in connection with the Forward Sale and any shares issued upon conversion thereof are subject to a hold period and may not be traded in Canada until December 12, 2010, except as permitted by applicable Canadian securities laws and the TSX Venture Exchange.

The funds are to be used for the planned exploration programs; closing acquisition of a prospective exploration property adjacent to the Selinsing gold project where the Company's gold treatment plant is located; and for the gold treatment plant extension with a second mill. With the additional funding, the Company expects to be able to increase gold resources and enhance gold production through increased plant through put.

Contractual Obligations

As at June 30, 2010, the Company has aggregate commitments totaling $845,502, including operating leases, mineral property fees and construction contracts as follows:

	2011	2012	2013	2014	2015	Total
Operating leases	$ 40,338	$ 41,548	$ 30,053	$ 20,195	$ 2,883	$ 135,017
Mineral property fees	57,286	44,401	7,054	7,054	7,054	122,849
Purchase commitments	479,636	-	-	-	-	479,636
Consulting agreements	108,000	-	-	-	-	108,000
	$ 685,260	$ 85,949	$ 37,107	$ 27,249	$ 9,937	$ 845,502

The Company's ability to continue its mine development activities, exploration activities and production activities, and to continue as a going concern, will depend on its ability to obtain suitable financing and to generate cash flow from its gravity plant production. The Company has not been able to generate positive cash flow from its operations except the gravity circuit operation. The management believes it is able to obtain adequate working capital to continue the on-going operations through the gravity circuit operation and other financing vehicles. However, the positive cash flow generated from the gravity circuit cannot be seen as an indication for future profitability. The profitability of the Company is affected by various factors, including the amount of gold produced and sold, the market price of gold, operating costs, interest rates, environmental costs, labour risk and political risk. The Company seeks to manage risks associated with its business; however, many of the factors affecting these risks are beyond the Company's control.

Financing will also be required to meet its planned development program, which includes funding for exploration, exploration land expansion and the existing plant extension to increase production levels. Whether the Company is able to generate adequate cash to meet its capital requirements is affected by a number of external economic factors beyond the Company's control.

1.8 Off Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Refer to note 14 of the audited annual consolidated financial statements.

1.10 Fourth Quarter

For the quarter ended June 30, 2010, the Company reported a net loss of $601,678, or $0.00 per share, compared to a net loss of $990,066, or $0.01 per share, reported for the corresponding period in fiscal 2009.

The operations expenses of $549,816 for fourth quarter of fiscal 2010 (2009 - $738,607) are comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, amortization and stock-based compensation. Excluding stock-based compensation expenses of $120,818 (2009 - $244,930), the Company incurred operating expenses of $428,998 compared to operation expenses of $493,677 for fiscal 2009.

General and administration expenses, which decreased by 20% to $294,157 in the fourth quarter of fiscal 2010 from $368,992 in the same period for fiscal 2009, was comprised of salary expenses of $240,868 (2009 - $173,366) and office rent, office services and others of $53,289 (2009 - $195,626). The increase in salaries compared to the same period last year reflected increased corporate activities, which was offset by decreased financial management consulting.

Shareholder communications, conference and travel expenses totaled $56,468 in the fourth quarter of 2010, decreased by $33,497 from $89,965 in the same period of fiscal 2009, reflecting budget cuts implemented as a result of the global recession. The regulatory and filing expense was $2,307 compared to $3,353 in the fourth quarter of fiscal 2009. Legal, accounting and audit expenses were $71,626 compared to $27,961 an increase by $43,665 reflected the additional legal costs related to a number of construction service contracts awarded to suppliers and legal action against Sim Tze Chui AKA Jyn Tze Baker et el. ("the Defendants") for defamation.

During the fourth quarter of fiscal 2010, a total $152,338 (2009 - $327,389) stock-based compensation expenses were credited to contributed surplus, of which $120,818 (2009 – $244,930) was debited to operations and $31,520 (2009 - $82,459) was debited to exploration, mine development and construction of the plant. The amortization expense was $4,440 compared to $3,406 in the fourth quarter of fiscal 2009.

During the fourth quarter of fiscal 2010, the Company received $1,452 (2009 - $35,633) of interest income generated from a cash balance. The Company incurred a foreign exchange loss of $52,634 compared to $286,058 in the same period last year.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

Refer to note 2(b) of the audited consolidated financial statements as at June 30, 2010.

1.13 Changes in Accounting Policies including Initial Adoption

Refer to note 3 of the audited consolidated financial statements as at June 30, 2010.

1.14 Financial Instruments and Other instruments

a. Financial Assets and Liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, forward contracts, accounts receivable (excluding refundable taxes) and accounts payable and accrued liabilities.

The Company has classified its cash and cash equivalents and restricted cash as held-for-trading. Accounts receivable (excluding refundable taxes) are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable (excluding refundable taxes) and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

The value of the forward contract has been adjusted to fair value based on quoted market prices.

The carrying values of financial assets by category at June 30, 2010 and 2009 are as follows:

Financial assets	Held-for-trading		Loans and receivables	
	2010	2009	2010	2009
Cash and cash equivalents	$ 3 ,949,183	$ 6,109,453	$ -	$ -
Restricted cash	184,958	73,149	-	-
Forward contracts	-	10,103	--	-
Accounts receivable (excluding refundable taxes)	-	-	1,943,529	18,752
	$ 4,134,141	$ 6,192,705	$ 1,943,529	$ 18,752

The Company's cash equivalents bear interest at rates between 0.60% to Prime less 2.00% (2009 – Prime less 2.00% to 2.65%) and mature between July 14, 2010 and September 12, 2010 (2009 – July 16, 2009 and September 11, 2009). The instrument maturing July 14, 2010 in the amount of $34,500 was renewed to July 13, 2011 bearing interest at Prime less 1.85% and the remaining instruments were redeemed subsequent to year-end.

The carrying values of financial liabilities by category at June 30, 2010 and 2009 are as follows:

Financial liabilities	Other liabilities	
	2010	2009
Accounts payable and accrued liabilities	$ 3,844,291	$ 2,095,964

b. Financial Instrument Risk Exposure

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

(i) Market risk

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

Currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received by the Company are not denominated in Canadian dollars. Proceeds from gold sales are in US dollars. The majority of the Company's expenditures related to the mine operations and mineral property interests are in Malaysian ringgit, US dollars and Australian dollars. The Company's ability to generate revenue and to make payments to satisfy its obligations 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 and US dollars.

As at June 30, 2010 and 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Malaysian ringgit:

	2010		2009	
In thousands	RM	CDN	RM	CDN
Cash and cash equivalents	383	125	6,590	1,187
Restricted cash	565	185	221	73
Forward contracts	-	-	31	10
Accounts receivable	8	3	13	4
Deposits and advances	260	85	2,892	956
Accounts payable and accrued liabilities	(10,464)	(3,428)	(5,749)	(1,901)

Based on the above net exposures as at June 30, 2010, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the Malaysian ringgit against the Canadian dollar would result in an increase/decrease of approximately $151,000 (2009 – $66,000) in the Company's net losses.

As at June 30, 2010 and 2009, the Company is exposed to foreign currency risk through the following assets denominated in US dollars:

	2010		2009	
In thousands	US$	CDN	US$	CDN
Cash and cash equivalents	3,354	3,545	-	-
Accounts receivable	1,815	1,932	-	-
Accounts payable and accrued liabilities	(87)	(93)	-	-

Based on the above net exposures as at June 30, 2010, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of approximately $269,000 (2009 – $nil) in the Company's net losses.

During 2009, the Company entered into a number of foreign exchange forward contracts to reduce its exposure to foreign currency risk. The contracts obliged the Company to convert $5,500,000 to Malaysian ringgits at predetermined exchange rates on a monthly basis from February to July 2009. For the year ended June 30, 2010, a total of $500,000 (2009 – $5,000,000) was settled for Malaysian ringgit under the forward contracts resulting in a loss of $15,434 (2009 – $61,245) comprised of a total realized loss of $15,434 (2009 – total realized loss of $51,023 and an unrealized mark-to-market loss of $10,222). As at June 30, 2010, a total of $nil (2009 – $500,000) in forward contracts remain to purchase Malaysian ringgits.

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

As at June 30, 2010 and 2009, the Company is not exposed to other price risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash equivalents and financial liabilities. However, this risk is limited because of the short-term maturity of these instruments. The Company's interest rate sensitivity analysis suggests they are not exposed to significant interest rate risk.

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

The Company's credit risk is attributable to its liquid financial assets. The Company established an investment policy to avoid any investments other than government t-bills, term deposits guaranteed by major Canadian financial institutions, or term deposits at major Malaysian banks which are guaranteed by the Malaysian government. The Company's accounts receivable includes $1,931,453 (2009 – $nil) due from a single Australian Government-owned refinery in Western Australia. Credit risk on this receivable is negligible and the balance was collected subsequent to year-end.

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents and restricted cash as $3,854,711 is held with a single Malaysian financial institution. The remaining $279,430 is held with various Canadian financial institutions.

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

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2010 are as follows:

	Total	under 3 months	4 to 12 months	1 to 5 Years
Accounts payable and accrued liabilities	$ 3,844,291	$ 3,274,212	$ 570,079	$ -

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2009 are as follows:

	Total	under 3 months	4 to 12 months	1 to 5 Years
Accounts payable and accrued liabilities	$ 2,095,964	$ 2,095,964	$ -	$ -

1.15 Outstanding Share Data

The following details the share capital structure as at September 27, 2010, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Remaining life / Expiry date	Exercise price	Number of securities	Total
Common shares				170,240,028
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	
	December 5, 2013	$0.50	400,000	
	December 5, 2013	$0.40	230,000	
	December 5, 2013	$0.25	1,731,000	
	February 9, 2014	$0.25	425,000	
	July 29, 2012	$0.30	800,000	
	December 17, 2014	$0.39	30,000	
	June 8, 2013	$0.30	1,600,000	
	June 10, 2015	$0.30	500,000	22,476,000
Warrants				
	July 21, 2011	$0.50	70,120,000	
	August 12, 2011	$0.50	8,125,003	
	August 12, 2015	$0.50	5,000,000	83,245,003

1.16 Risks and Uncertainties

Monument Mining Limited is an exploration, development and gold production company which looks for gold resources. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into production. Major expenses may be required 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 except Selinsing gold mine, however has limited cash flow from the recently commissioned gravity plant, and has no other source of operating cash flow other than through debt and/or equity financing and the above. 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 with the business are, but are 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 properties 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) **Reserves and resource estimates**
There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades. Reserve and resource estimates are dependent partially on statistical information drawn from drilling, sampling and other data. Reserve and resource figures set forth by the Company are estimates, and there is no certainty that the mineral deposits would yield the production of metals indicated by reserve and resource estimates. Declines in the market price for metals may adversely affect the economics of a deposit and may require the Company to reduce its estimates.

1.17 Disclosure Controls and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of June 30, 2010, by and under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the disclosure controls and procedures, as defined in Canada by Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings are effective to ensure that (i) information required to be disclosed in reports that are filed or submitted under Canadian securities legislation and the Exchange Act is recorded, processed, summarized and reported within the time periods specified in those rules and forms; and (ii) material information relating to the Company is accumulated and communicated to the Company's management, including the CEO and CFO, or persons performing similar functions.

Internal Control over Financial Reporting

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

The Company's management, including the CEO and CFO, has evaluated the effectiveness of the internal controls over financial reporting. Based on this evaluation, management has concluded that internal controls over financial reporting were designed effectively as of June 30, 2010.

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. During the second quarter of fiscal 2010, the assessment indentified the following material weakness:

- The Company's policies and procedures relating to the inventory control process at one of the Company's operating subsidiaries were not followed. This did not have a material impact on the financial reporting.

During the current period, the Company has re-designed the inventory control process and extensive training and monitoring have been performed to ensure adequate control procedures over timely inventory recording and counting are followed by operating subsidiaries.

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.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Monument Mining Limited have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded, and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the consolidated financial statements with management and the external auditors. Smythe Ratcliffe LLP, an independent firm of chartered accountants appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

"Robert Baldock"	"Cathy Zhai"
___________________________	________________________________
Robert Baldock,	Cathy Zhai,
President and Chief Executive Officer	Chief Financial Officer

Vancouver, British Columbia
September 21, 2010

SmytheRatcliffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE SHAREHOLDERS OF MONUMENT MINING LIMITED

We have audited the consolidated balance sheets of Monument Mining Limited as at June 30, 2010 and 2009 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, Canada
September 21, 2010

Smythe Ratcliffe LLP is a member firm of both the **PKF** International Limited network and **PKF** North America, which are, respectively, a network and an association of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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MONUMENT MINING LIMITED

Consolidated Balance Sheets (note 1)

		June 30, 2010		June 30, 2009
Assets				
Current				
Cash and cash equivalents	$	3,949,183	$	6,109,453
Restricted cash (note 4)		184,958		73,149
Fair value of forward contracts		-		10,103
Accounts receivable		1,955,480		26,893
Prepaid expenses and deposits		91,700		44,364
Inventory (note 5)		4,818,599		-
		10,999,920		6,263,962
Property, plant and equipment (notes 7 and 14)		17,522,371		9,600,100
Mineral property interests (notes 8 and 14)		35,824,808		47,237,473
Deferred costs (note 9)		238,499		-
		53,585,678		56,837,573
	$	64,585,598	$	63,101,535
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities (notes 6 and 14)	$	3,844,291	$	2,095,964
Current portion of capital lease obligation (note 10)		14,723		14,050
		3,859,014		2,110,014
Other				
Capital lease obligation (note 10)		47,481		62,793
Asset retirement obligation (note 11)		2,566,438		1,502,309
Future income tax (note 15)		716,100		723,000
		7,189,033		4,398,116
Shareholders' equity				
Share capital (note 12)		61,540,618		61,407,740
Contributed surplus (note 12(f))		8,208,853		6,711,998
Deficit		(12,352,906)		(9,416,319)
		57,396,565		58,703,419
	$	64,585,598	$	63,101,535

(1) Commitments (notes 8(c) and 16)
(2) Subsequent Events (note 21)

Approved on behalf of the Board

"Robert Baldock" — Robert Baldock, Director

"George Brazier" — George Brazier, Director

See accompanying notes to consolidated financial statements.

MONUMENT MINING LIMITED

Consolidated Statements of Operations and Deficit

	For the years ended June 30, 2010	2009
Expenses		
Stock-based compensation (note 12(d))	$ 1,227,420	$ 1,416,204
General and administration (notes 14(c) and (d))	1,018,132	1,168,403
Legal, accounting and audit	235,148	280,086
Shareholder communications	130,793	290,739
Travel	120,285	241,381
Regulatory compliance and filing	29,886	46,160
Amortization	18,273	13,624
	2,779,937	3,456,597
Loss before other items	(2,779,937)	(3,456,597)
Other (note 17)	(162,749)	(41,320)
Loss from operations before income taxes	(2,942,686)	(3,497,917)
Current income tax	(801)	(1,033)
Future income tax recovery	6,900	-
Net loss and comprehensive loss for the year	(2,936,587)	(3,498,950)
Deficit, Beginning of the year	(9,416,319)	(3,380,041)
Charge to Deficit on Mill Acquistion (note 14(a))	-	(2,537,328)
Deficit, End of the year	$ (12,352,906)	$ (9,416,319)
Loss Per Share		
Basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	156,003,110	150,492,713

See accompanying notes to consolidated financial statements.

MONUMENT MINING LIMITED

Consolidated Statements of Cash Flows

	For the years ended June 30, 2010	2009
Operating Activities		
Net loss for the year	$ (2,936,587)	$ (3,498,950)
Items not involving cash		
Unrealized foreign exchange gain from asset retirement accretion	(15,491)	-
Unrealized foreign exchange loss	16,117	591
Provision for future income tax	(6,900)	-
Stock-based compensation	1,227,420	1,416,204
Changes in fair value of forward contracts	10,103	(10,103)
Amortization	18,273	13,624
	(1,687,065)	(2,078,634)
Change in non-cash working capital items		
Accounts receivable	(4,089)	(13,587)
Prepaid expenses and deposits	(47,336)	87,692
Inventory	(4,818,599)	-
Accounts payable and accrued liabilities	270,338	254,848
	(4,599,686)	328,953
Cash used in operating activities	(6,286,751)	(1,749,681)
Financing Activities		
Proceeds from private placements	-	9,277,755
Cost from issuance of shares for debt	(1,170)	-
Deferred financing cost	(140,932)	-
Payment of capital lease obligation	(14,639)	-
Cash provided by (used in) financing activities	(156,741)	9,277,755
Investing Activities		
Expenditures on mineral property interests, net of recoveries	12,620,378	(2,200,401)
Expenditures on property, plant and equipment, net of recoveries	(8,209,230)	(6,491,046)
Cash provided by (used in) investing activities	4,411,148	(8,691,447)
Foreign exchange effect on cash	(16,117)	(591)
Increase in cash and cash equivalents	(2,048,461)	(1,163,964)
Cash and cash equivalents, beginning of the year	6,182,602	7,346,566
Cash and cash equivalents, end of the year	$ 4,134,141	$ 6,182,602
Cash and cash equivalents consist of:		
Cash	$ 3,699,468	$ 2,500,740
Cash equivalents	249,715	3,608,713
Restricted cash	184,958	73,149
	$ 4,134,141	$ 6,182,602

Supplemental Cash Flow Information (note 18)

See accompanying notes to consolidated financial statements.

1. Organization and Nature of Operations

Monument Mining Limited (the "Company") is a natural resource company engaged in the acquisition, exploration, development and operation of gold mineral property interests. Its primary activities include construction and operation of a 1,200 tpd ("tonnes of ore per day") gold treatment plant at the 100% owned Selinsing Gold Project ("Selinsing") and exploration on the 100% owned Damar Buffalo Reef exploration prospect (note 8). The Company's head office is located in Vancouver, BC, Canada. Its gold project operations, exploration and development activities are carried out in Malaysia through its wholly owned subsidiaries.

Although the Company has extracted gold from operations on Selinsing to June 30, 2010, the Company continues to operate in the development stage as the open pit mine has not substantially been put into service. The production phase of an open pit mine commences when the entire gold treatment plant, or both circuits of the plant are fully commissioned and minerals are produced in a saleable form in a sustainable manner. To June 30, 2010, the Company has not yet attained these conditions on Selinsing.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with the Canadian dollar as the functional and reporting currency.

a. Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated Malaysian subsidiaries: Polar Potential Sdn. Bhd., Able Return Sdn. Bhd., Selinsing Gold Mine Manager Sdn. Bhd. and Damar Consolidated Exploration Sdn. Bhd. All material intercompany balances and transactions have been eliminated on consolidation.

b. Use of estimates

The preparation of financial statements in conformity with Canadian GAAP 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 financial statements include determining accrued liabilities, valuation of inventory, valuation of mineral property interests, estimates of useful lives of property, plant and equipment, estimates required to determine whether impairment of long lived assets is required, determination of asset retirement obligations and environmental obligations, estimations made in determining fair value of foreign currencies forward contracts, assumptions used in calculating fair-value of Agents' options, share purchase warrants and stock-based compensation, allocation of proceeds between common shares and warrants in unit offerings, and valuation allowance for future income tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates used in the preparation of the financial statements and could impact future results of operations and cash flows.

c. Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, with an original term to maturity of one year or less, that are readily convertible to known amounts of cash.

d. Inventory

Inventory classifications include supplies, stockpiled ore, work in progress and finished goods. All inventories are recorded at the lower of cost and net realizable value determined by reference to current resource pricing. The stated value of all inventories include direct mining and processing costs, and attributable overhead and depreciation.

<u>Supplies inventory</u> consists of consumables used in mining and processing operations and are valued at the lower of cost and net realizable value using the first-in-first-out method.

<u>Stockpiled ore</u> represents material that has been extracted from the mine and is ready for further processing. Stockpiled ore is measured by estimating the number of tonnes added and removed from the stockpile and is verified based on period surveys. Stockpiled ore is valued based on the current mining costs (including depreciation and amortization) incurred up to the point of stockpiling the ore using the average cost method. Costs include direct labour, mine-site overhead, and depreciation and depletion on Selinsing mine equipment and mineral properties.

2. Significant Accounting Policies (continued)

Work in progress represents gold in the processing circuit that has not completed the production process. Work in progress is recorded at average cost. Costs include direct labour, mine-site overhead, and depreciation and depletion on Selinsing mine equipment and mineral properties.

Finished goods inventory is metal available for sale and is valued at the lower of average production cost and net realizable value.

e. Property, plant and equipment

Property, plant and equipment are recorded at cost, and amortization begins when the asset is substantially put into service. Amortization is calculated on a straight-line basis over the assets' estimated useful lives at the following annual rates:

Buildings	2%
Furniture and equipment	10%
Computers	20% - 45%
Vehicles (including vehicles under capital lease)	20%
Construction costs	5% to 20%

Equipment used in exploration and development of mineral property interests is amortized, but the amortization charge is deferred with other mineral property interests, exploration and development expenditures. Amortization of equipment not specifically related to the Company's exploration and development activities is included in the consolidated statements of operations and deficit.

Construction costs related to the Selinsing Gold Mine Project are recorded at cost. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment. No amortization is calculated until the assets are substantially put into service. During the year-ended June 30, 2010, the gravity circuit of the mine was substantially complete and its various components are amortized at rates between 5% and 20% straight-line.

f. Impairment of long-lived assets

The Company monitors the recoverability of long-lived assets, including property, plant and equipment, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The impairment loss is recorded in the period when it is determined that the carrying amount of the asset may not be recoverable. The amount of loss is measured as the excess of the carrying value of the asset over its fair value.

g. Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property interest acquisition costs and exploration and development expenditures, net of any recoveries. These deferred expenditures will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, abandoned or when impairment in value is determined to have occurred.

Mineral property interest acquisition costs include the cash consideration, the fair value of common shares issued for mineral property interests and the fair value of warrants issued determined using the Black-Scholes option pricing model.

During the development of a mine, prior to the commencement of production, costs incurred to remove overburden and other mine waste materials in order to access the ore body at Selinsing open pit operations ("stripping costs") are capitalized to the related property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs are accounted for as variable production costs and included in the cost of inventory produced during the period except for stripping costs incurred to provide access to sources of reserves that will be produced in future periods and would not otherwise have been accessible, which are capitalized to the cost of mineral property interests and depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

When a mine construction project moves into the production stage, the capitalization of certain mine costs ceases and costs are either charged to inventory or expensed. Mining costs incurred to stockpile ores for production are charged to inventory.

2. Significant Accounting Policies (continued)

All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. Mineral property interests are reviewed at least annually or when otherwise appropriate for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionees, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

h. Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases. The amount of future income tax assets recognized is limited to the extent that they are considered, more likely than not, to be realized. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

i. Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, agents' options, share purchase warrants and similar instruments that are "in the money" would be used to repurchase common shares of the Company at the average market price during the year. Common share equivalents consisting of stock options and warrants are not considered in the computation of diluted loss per share where their effect would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

j. Stock-based compensation

The Company accounts for stock purchase options granted to directors, employees and consultants and other stock-based payments using the fair value based method. Under this method, compensation expense for options granted is determined based on estimated fair values of the options using the Black-Scholes option pricing model. For employees and directors, the fair value of the options is measured at the time of grant. For non-employees the fair value of the options is measured at the time of grant if they are fully vested and non-forfeitable, or the earlier of the date the performance is completed or the performance commitment is reached. The cost is recognized over the vesting or service period of the respective options and, with a corresponding increase to contributed surplus, is either capitalized to mineral property interests for grants to individuals working directly on mineral projects, capitalized to construction costs for grants to individuals working directly on construction of Selinsing or charged against operations otherwise. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

k. Asset retirement obligation ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on the basis and at rates consistent with the corresponding asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period or capitalized to the cost of the corresponding assets until the assets are substantially put into use. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

2. Significant Accounting Policies (continued)

l. Revenue recognition

The Company's operations produce gold in dore form, which is refined to pure gold bullion prior to sale primarily in the London spot market or under gold sale contracts. Revenue from the sale of metals is recognized in the financial statements when the following conditions are met: persuasive evidence of an arrangement exists; title and risk passes to buyer, the price is fixed or determinable; and collectability is reasonably assured.

Revenue from gold sales is charged against construction when generated from commissioning of the plant; to mineral properties when generated from pre-commercial production; and to operations when generated from commercial production. Revenue generated from by-product such as silver is recognized in the same manner, however, is credited to the cost of goods sold when its percentage of revenue is less than 5% of total revenue.

m. Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rates prevailing at the time of acquisition or assumption unless such items are carried at market, in which case they are translated at the exchange rates in effect at the balance sheet date. Interest income and operating expenses are translated at the exchange rates prevailing on the transaction date. Gains or losses on translation are recorded in the statement of operations.

n. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, forward contracts, accounts receivable (excluding refundable taxes) and accounts payable and accrued liabilities.

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 at fair value on initial recognition and recorded on the balance sheet. Subsequent measurement and changes in fair value depend on their initial classification as follows: held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been de-recognized. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost.

The Company employs foreign exchange forward contracts from time to time to mitigate the risk of changes in currency exchange rates between the Canadian dollar and Malaysian ringgit. The Company does not apply hedge accounting and accordingly changes in fair value of the contracts are recorded in net income in the period they occur. The fair value of those contracts is estimated by reference to quoted market prices for actual or similar instruments where available.

Transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

o. Warrants

Share issuances that include a warrant are bifurcated into a share and warrant component for accounting purposes. The share and warrant components are bifurcated by allocating unit proceeds equal to the market price of the Company's stock to the share component and the residual amount of the unit proceeds to the warrant component. The warrant component is recorded in contributed surplus and is transferred to capital stock upon exercise of the underlying warrant.

p. Capital leases

The costs of assets acquired under capital leases are capitalized and amortized over their useful lives. An offsetting liability is established to reflect the future obligation under capital leases. This liability is reduced by future principal payments.

3. Adoption of Accounting Policies and Future Accounting Changes

Effective July 1, 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). As required by the transitional provisions of these new standards, these standards have been adopted with no restatement of prior period financial statements.

<u>Section 3855, "Financial Instruments - Recognition and Measurement"</u> was amended to clarify the application of the effective interest method following an impairment loss of an investment in a debt instrument. This clarification applies to investment in debt instruments classified as held-to-maturity and to those classified as available for sale. Section 3855 also clarified the situation where the embedded prepayment option is considered closely related and therefore, is not separated from the host debt instrument for recognition purposes. The adoption of this amendment had no impact on the Company's financial statements.

<u>Section 3862 – "Financial Instruments - Disclosures"</u> was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. In the year of adoption, comparative figures are not required. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Management has evaluated the impact of these new accounting standards and determined the additional disclosures are not required as the Company has no financial instruments at June 30, 2010 which qualify.

<u>Section 3064, "Goodwill and Intangible Assets"</u> replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs" in February 2008. This section establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The Company adopted these changes with no impact on its consolidated financial statements. The adoption of this section had no impact on the Company's financial statements.

Future accounting changes

<u>Business combinations</u>
In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace former Section 1581," Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of business activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements. These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

<u>International Financial Reporting Standards ("IFRS")</u>

In February 2008, the Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The effective date will require the restatement of comparative amounts reported by the Company for the year ending June 30, 2011. The Company has commenced the process to transition from current Canadian GAAP to IFRS. The transition process consists of diagnostic phase; impact analysis, evaluation and design phase; and implementation and review phase.

4. Restricted Cash

	2010	2009
Foreign Exchange Line Account (a)	$ -	$ 50,000
Bank Guarantee for customs clearance (b)	16,325	23,149
Letter of Credit and payment guarantee for equipment (c)	168,633	-
	$ 184,958	$ 73,149

a. The Company entered into a series of foreign exchange forward contracts (the "Contracts") in 2009 and was required to hold a cash deposit equivalent to 10% of the outstanding contract commitments in its foreign exchange line account as a security against the Contracts. As at June 30, 2010, the Company had no forward contracts on hand (2009 - $500,000 forward contracts on hand requiring a $50,000 security deposit).

b. The Company has lodged cash in the amount of $16,325 (2009 - $23,149) to meet customs clearance requirements. The cash is backed by a bank facility with a limit of $327,600 (RM1,000,000).

c. The Company has entered into agreements restricting cash of $168,633 (2009 - $nil) for payment on agitators and power supply equipment.

5. Inventory

	2010	2009
Mine operating supplies	$ 429,028	$ -
Stockpiled ore	3,075,124	-
Material discharged from ball mill for CIL process	1,068,702	
Work in progress	245,745	-
	$ 4,818,599	$ -

6. Financial Instruments and Financial Risk Exposure

a. Financial Assets and Liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, forward contracts, accounts receivable (excluding refundable taxes) and accounts payable and accrued liabilities.

The Company has classified its cash and cash equivalents and restricted cash as held-for-trading. Accounts receivable (excluding refundable taxes) are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable (excluding refundable taxes) and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments.

The value of the forward contract has been adjusted to fair value based on quoted market prices.

The carrying values of financial assets by category at June 30, 2010 and 2009 are as follows:

Financial assets	Held-for-trading		Loans and receivables	
	2010	2009	2010	2009
Cash and cash equivalents	$ 3 ,949,183	$ 6,109,453	$ -	$ -
Restricted cash	184,958	73,149	-	-
Forward contracts	-	10,103	-	-
Accounts receivable (excluding refundable taxes)	-	-	1,943,529	18,752
	$ 4,134,141	$ 6,192,705	$ 1,943,529	$ 18,752

6. Financial Instruments and Financial Risk Exposure (continued)

a. Financial Assets and Liabilities (continued)

The Company's cash equivalents bear interest at rates between 0.60% to Prime less 2.00% (2009 – Prime less 2.00% to 2.65%) and mature between July 14, 2010 and September 12, 2010 (2009 – July 16, 2009 and September 11, 2009). The instrument maturing July 14, 2010 in the amount of $34,500 was renewed to July 13, 2011 bearing interest at Prime less 1.85% and the remaining instruments were redeemed subsequent to year-end.

The carrying values of financial liabilities by category at June 30, 2010 and 2009 are as follows:

Financial liabilities	Other liabilities	
	2010	2009
Accounts payable and accrued liabilities	$ 3,844,291	$ 2,095,964

b. Financial Instrument Risk Exposure

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

(i) Market risk

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

Currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received by the Company are not denominated in Canadian dollars. Proceeds from gold sales are in US dollars. The majority of the Company's expenditures related to the mine operations and mineral property interests are in Malaysian ringgit, US dollars and Australian dollars. The Company's ability to generate revenue and to make payments to satisfy its obligations 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 and US dollars.

As at June 30, 2010 and 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Malaysian ringgit:

	2010		2009	
In thousands	RM	CDN	RM	CDN
Cash and cash equivalents	383	125	6,590	1,187
Restricted cash	565	185	221	73
Forward contracts	-	-	31	10
Accounts receivable	8	3	13	4
Deposits and advances	260	85	2,892	956
Accounts payable and accrued liabilities	(10,464)	(3,428)	(5,749)	(1,901)

Based on the above net exposures as at June 30, 2010, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the Malaysian ringgit against the Canadian dollar would result in an increase/decrease of approximately $151,000 (2009 – $66,000) in the Company's net losses.

As at June 30, 2010 and 2009, the Company is exposed to foreign currency risk through the following assets denominated in US dollars:

	2010		2009	
In thousands	US$	CDN	US$	CDN
Cash and cash equivalents	3,354	3,545	-	-
Accounts receivable	1,815	1,932	-	-
Accounts payable and accrued liabilities	(87)	(93)	-	-

6. Financial Instruments and Financial Risk Exposure (continued)

b. Financial Instrument Risk Exposure (continued)

Based on the above net exposures as at June 30, 2010, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of approximately $269,000 (2009 – $nil) in the Company's net losses.

During 2009, the Company entered into a number of foreign exchange forward contracts to reduce its exposure to foreign currency risk. The contracts obliged the Company to convert $5,500,000 to Malaysian ringgits at predetermined exchange rates on a monthly basis from February to July 2009. For the year ended June 30, 2010, a total of $500,000 (2009 – $5,000,000) was settled for Malaysian ringgit under the forward contracts resulting in a loss of $15,434 (2009 – $61,245) comprised of a total realized loss of $15,434 (2009 – total realized loss of $51,023 and an unrealized mark-to-market loss of $10,222). As at June 30, 2010, a total of $nil (2009 – $500,000) in forward contracts remain to purchase Malaysian ringgits.

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

As at June 30, 2010 and 2009, the Company is not exposed to other price risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash equivalents and financial liabilities. However, this risk is limited because of the short-term maturity of these instruments. The Company's interest rate sensitivity analysis suggests they are not exposed to significant interest rate risk.

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

The Company's credit risk is attributable to its liquid financial assets. The Company established an investment policy to avoid any investments other than government t-bills, term deposits guaranteed by major Canadian financial institutions, or term deposits at major Malaysian banks which are guaranteed by the Malaysian government. The Company's accounts receivable includes $1,931,453 (2009 – $nil) due from a single government-owned refinery in Western Australia. Credit risk on this receivable is negligible and the balance was collected subsequent to year-end.

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents and restricted cash as $3,854,711 is held with a single Malaysian financial institution. The remaining $279,430 is held with various Canadian financial institutions.

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

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2010 are as follows:

	Total	under 3 months	4 to 12 months	1 to 5 Years
Accounts payable and accrued liabilities	$ 3,844,291	$ 3,274,212	$ 570,079	$ -

6. Financial Instruments and Financial Risk Exposure (continued)

b. Financial Instrument Risk Exposure (continued)

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2009 are as follows:

	Total	under 3 months	4 to 12 months	1 to 5 Years
Accounts payable and accrued liabilities	$ 2,095,964	$ 2,095,964	$ -	$ -

7. Property, Plant and Equipment

2010	Cost	Accumulated amortization	Net book value
Buildings	$ 740,402	$ 21,401	$ 719,001
Furniture and equipment	415,727	63,816	351,911
Computer	270,948	68,106	202,842
Vehicle	201,340	84,413	116,927
Heavy equipment	1,278,355	–	1,278,355
Construction costs - Selinsing	15,054,669	214,583	14,840,086
Deposit and advance for construction	13,249	–	13,249
	$ 17,974,690	$ 452,319	$ 17,522,371

2009	Cost	Accumulated amortization	Net book value
Buildings	$ 611,094	$ 6,593	$ 604,501
Furniture and equipment	374,207	18,472	355,735
Computer	141,220	22,038	119,182
Vehicle	201,340	44,145	157,195
Heavy equipment	1,278,355	–	1,278,355
Construction costs - Selinsing	6,179,932	–	6,179,932
Deposit and advance for construction	905,200	–	905,200
	$ 9,691,348	$ 91,248	$ 9,600,100

During the year ended June 30, 2010 the Company capitalized $nil (2009 - $94,984) in leased assets under vehicle. As at June 30, 2010 accumulated amortization on assets under capital lease totals $37,994 (2009 - $18,997).

On December 3, 2009, the Company entered a gold forward contract to finance the development of Selinsing for CDN$2,150,550 (US$2,025,000) to be settled for 2,250 ounces of gold by May 31, 2010. The parties to the contract later agreed to settle the contract for CDN$2,845,954 (US$2,715,875) and the Company incurred a loss of CDN$695,403 (US$690,578) on the contract. Given the contract was entered to finance the development of Selinsing, the loss on the contract was capitalized to construction costs.

8. 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
Deposit on land acquisition		-		50,000		50,000
Assay and analysis		-		117,181		117,181
Drilling		-		147,977		147,977
Geological		-		125,282		125,282
Site maintenance		842,671		114,982		957,653
Transportation		38,541		1,757		40,298
Environmental		1,149,753		-		1,149,753
Socio-economic		29,081		-		29,081
Property fees		50,289		30,096		80,385
Deferred pre-production cost		361,354		-		361,354
Stripping cost		87,815		-		87,815
Incurred during the year		2,559,504		587,275		3,146,779
Non-cash stock based compensation (note 12(d))		118,304		219,951		338,255
Total additions during the year		2,677,808		807,226		3,485,034
Cumulative balance, June 30, 2009		34,059,005		13,178,468		47,237,473
Mineral property deposit reclassification		-		(50,000)		(50,000)
Assay and analysis		-		25,427		25,427
Asset retirement obligation		1,188,755		-		1,188,755
Drilling		-		22,847		22,847
Geological		-		88,345		88,345
Site maintenance		182,879		6,751		189,630
Environmental		20,924		-		20,924
Socio-economic		7,166		634		7,800
Property fees		57,693		971		58,664
Recoveries, net of costs		(13,480,752)		-		(13,480,752)
Stripping cost		348,024		-		348,024
Incurred during the year		(11,675,311)		94,975		(11,580,336)
Non-cash stock based compensation (note 12(d))		51,418		116,253		167,671
Total additions during the year		(11,623,893)		211,228		(11,412,665)
Cumulative balance, June 30, 2010	$	22,435,112	$	13,389,696	$	35,824,808

Title to mineral properties

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.

Realization of assets

The investment in and expenditures on 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, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

8. Mineral Property Interests (continued)

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 or former properties that may result in material liability to the Company.

a. Selinsing Gold Property

The property is located in Pahang State, Malaysia. The Company acquired a 100% interest in the Selinsing Gold Property in 2007 and since has developed it towards a producing mine by building a 400,000 tonnes per annum capacity gold treatment plant consisting of a gravity circuit and a CIL (Carbon In Leach) circuit design to operate simultaneously. As at June 30, 2010, although the Company has commenced open pit mining on the property and gravity concentrate was generated through the gravity circuit and was transformed into gold dore through smelting, the commissioning of the CIL circuit has not yet been completed. The cyclone overflow was temporarily stored for further CIL process and accordingly, the Selinsing Gold Property has not reached the stage of full production. Subsequent to year-end, the Company completed the commissioning of the CIL circuit and commenced commercial production.

The Company generated recoveries (net of costs) of $13,480,752 (2009 - $nil) from the gravity circuit production during fiscal 2010.

b. Buffalo Reef Prospect

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.

The Company was obligated to fund a $400,000 exploration program on the Buffalo Reef Tenement over two years. Avocet shall receive US$12 per ounce of gold discovered on a notional 49% of the ounces discovered as a result of the $400,000 two-year post closing exploration program. In fiscal 2009, Avocet terminated the Company's exploration payment obligation for consideration of $1.

During the year ended June 30, 2010, the $50,000 deposit on land acquisition related to the Famehub acquisition (note 8(c)) which was capitalized to mineral properties in 2009 was reclassified to deferred costs.

c. Famehub Acquisition

On January 14, 2008, the Company signed a Letter of Intent ("LOI") with Famehub Venture Sdn Bhd. ("Famehub"). Pursuant to the LOI, Famehub has agreed to sell and the Company has agreed to purchase a land package of approximately 32,000 acres of prospective exploration land and associated data base ("Famehub Exploration Land Acquisition"). This land is located to the east of Selinsing's Gold Project and Buffalo Reef exploration property.

Subsequent to the year-end June 30, 2010, the parties entered into a formal "Agreement of Purchase and Sale of Shares" ("Famehub Acquisition") under which the Company agrees to purchase the above described assets, through its wholly owned subsidiary Damar Consolidated Exploration Sdn Bhd, by acquiring 100% of the issued and outstanding Famehub shares for $1,500,000 cash and the issuance of 14,000,000 fully paid shares of the Company. The acquisition was completed subsequent to the year ended June 30, 2010, after closing the $13 million financing transaction (notes 21(a) and (b)). A $50,000 non-refundable deposit was paid to Famehub in 2009 (note 9 (a)).

9. Deferred costs

Deferred costs are comprised of the following:

a. Deferred business acquisition cost: the Company has incurred $14,981 in legal expenditures related to the Famehub Acquisition (notes 8(c) and 21(b)). In addition, $50,000 which was incurred in 2009 was reclassified from mineral property interests to deferred costs in 2010 (note 8(c)).

b. Deferred financing costs: the Company has incurred $173,518 (2009 - $nil) in legal and regulatory costs associated with the $8,000,000 convertible notes and $5,000,000 gold forward sale financing (note 21(a)).

10. Capital Lease Obligation

As at June 30, 2010 and 2009, the Company has three long-term leases on vehicles for its operations at rates ranging from 5.2% to 6.5%.

Year ending June 30,		2010		2009
2010	$	-	$	18,032
2011		17,863		18,032
2012		17,863		18,032
2013		17,863		18,032
2014		15,872		16,023
Total minimum lease payments		69,461		88,151
Amount representing interest		(7,257)		(11,308)
Obligation under capital leases	$	62,204	$	76,843
Less current portion		(14,723)		(14,050)
Balance, June 30, 2010	$	47,481	$	62,793

11. Asset Retirement Obligation

The Company's asset retirement obligation consists of reclamation and closure costs for mine development and exploration activities. Although the ultimate amount of reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted amount of estimated cash flows required to settle the Company's estimated obligations is $4.5 million. The present value of asset retirement obligations is $2,566,438 (2009 - $1,502,309) and is expected to be settled over the next ten years. This amount has been disclosed using a credit and inflation adjusted risk free rate of 10.0%. Significant reclamation and closure activities include land rehabilitation, decommissioning of tailing storage facilities, mined waste dump, road bridges, buildings and mine facilities.

Changes to the reclamation and closure cost balance during the 2010 and 2009 years are as follows:

		2010		2009
Asset retirement obligation, beginning of year	$	1,502,309	$	107,537
Revision in estimate of liabilities		929,390		1,394,772
Accretion expense		150,230		-
Foreign exchange gain		(15,491)		-
Balance, end of year	$	2,566,438	$	1,502,309

The revision in estimate of liabilities in 2010 and 2009 was the result of the development on Selinsing.

12. Share Capital

a. Authorized
Unlimited common shares without par value

b. Issued and outstanding:

Common shares	Shares		Amount
Balance, June 30, 2008	77,395,025	$	33,016,984
Brokered and non-brokered private placement for cash (note 12(b)(i))	70,120,000		28,048,000
Share issuance costs for private placement (note 12(b)(i))	-		(2,907,245)
Shares issued for ball mill purchase (note 12(b)(ii))	8,125,003		3,250,001
Balance, June 30, 2009	155,640,028	$	61,407,740
Shares issued for debt (note 12(b)(iii))	475,000		134,048
Share issuance cost for debt (note 12(b)(iii))	-		(1,170)
Balance, June 30, 2010	156,115,028	$	61,540,618

(i) 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 a price of $0.40 per unit, each unit comprising one fully paid share of common stock and one common share purchase warrant entitling the holder to purchase one additional common share for $0.50 for a three-year term from closing. Costs of the financing include a 10% agent fee in the amount of $2,804,800 and legal and filing fees of $79,389 and other cost of $23,056.

(ii) On August 19, 2008, 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. Each unit is comprised of one share and one share purchase warrant exercisable at $0.50 for three years from date of issuance. Avocet is a shareholder of the Company (note 14)

(iii) On September 25, 2009, the Company issued 475,000 Monument shares at approximately $0.28 per share to settle a debt owing to Avocet in the amount of $134,048. The transaction incurred costs of $1,170 in filing fees.

c. Warrants
The continuity of share purchase warrants is as follows:

			12(b)(i)	12(b)(ii)	Total
Expiry date	15-Mar-09	25-Jun-09	21-Jul-11	12-Aug-11	outstanding and
Exercise price	$0.65	$0.65	$0.50	$0.50	exercisable
Balance, June 30, 2008	500,000	22,544,500	-	-	23,044,500
Issued through private placement	-	-	70,120,000	-	70,120,000
Issued through ball mill purchase	-	-	-	8,125,003	8,125,003
Expired	(500,000)	(22,544,500)	-	-	(23,044,500)
Balance, June 30, 2009 and 2010	-	-	70,120,000	8,125,003	78,245,003

d. Stock options

The 2009 Stock Option Plan ("2009 Plan") is a fixed plan allowing 22,126,000 common shares of the Company to be granted to its directors, officers, employees and consultants. The number of shares reserved for issuance under the 2009 Plan shall not exceed 15% of the total number of issued and outstanding shares on a non-diluted basis. The total number of stock options granted during the year together with previously granted stock options shall not exceed, on a non-diluted basis, 6% for any one Optionee; 15% for Insiders as a group, 2% for any one Consultant; 2% for all Eligible Persons who undertake Investor Relations Activities. The previous 10% Rolling Stock Option Plan was automatically converted to the 2009 Plan. Under the 2009 Plan, 22,601,000 stock options were outstanding as at June 30, 2010, which included 475,000 stock options pending Shareholders' approval.

12. Share Capital (continued)

Stock option activity is as follows:

	Number of common shares under option	Weighted average exercise price
Balance, June 30, 2008	4,370,000	$ 0.50
Granted	18,306,000	$ 0.38
Forfeited	(3,000,000)	$ 0.42
Balance, June 30, 2009	19,676,000	$ 0.40
Granted	2,930,000	$ 0.30
Forfeited	(5,000)	$ 0.25
Balance, June 30, 2010	22,601,000	$ 0.39

The following table summarizes the stock options outstanding at June 30, 2010:

	Options outstanding			Options exercisable	
Exercise Price	Number of common shares	Expiry date	Weighted average life (years)	Weighted average number exercisable	Weighted average exercise price
$ 0.50	3,300,000	Jul 05, 2012	2.02	3,300,000	$ 0.50
$ 0.58	70,000	Feb 18, 2011	0.64	70,000	$ 0.58
$ 0.40	13,390,000	Aug 15, 2013	3.14	8,229,451	$ 0.40
$ 0.50	400,000	Dec 05, 2013	3.44	400,000	$ 0.50
$ 0.40	230,000	Dec 05, 2013	3.44	115,000	$ 0.40
$ 0.25	1,731,000	Dec 05, 2013	3.44	1,681,000	$ 0.25
$ 0.25	550,000	Feb 09, 2014	3.62	275,000	$ 0.25
$ 0.30	800,000	Jul 29, 2012	2.08	800,000	$ 0.30
$ 0.39	30,000	Dec 17, 2014	4.47	-	-
$ 0.30	1,600,000	Jun 08, 2013	2.94	-	-
$ 0.30	500,000	Jun 10, 2015	4.95	-	-
Total	22,601,000		3.00	14,870,451	$ 0.40

The following table summarizes the stock options outstanding at June 30, 2009:

	Options outstanding			Options exercisable	
Exercise Price	Number of common shares	Expiry date	Weighted average life (years)	Weighted average number exercisable	Weighted average exercise price
$ 0.50	3,300,000	Jul 05, 2012	3.02	3,300,000	$ 0.50
$ 0.58	70,000	Feb 18, 2011	1.64	70,000	$ 0.58
$ 0.40	13,390,000	Aug 15, 2013	4.14	2,715,569	$ 0.40
$ 0.50	400,000	Dec 05, 2013	4.44	400,000	$ 0.50
$ 0.40	230,000	Dec 05, 2013	4.44	-	-
$ 0.25	1,736,000	Dec 05, 2013	4.44	-	-
$ 0.25	550,000	Feb 09, 2014	4.62	-	-
Total	19,676,000		4.00	6,485,569	$ 0.46

The exercise prices of all stock options granted during the year were equal to the closing market prices at the grant date. The options outstanding have various vesting dates that range from 0 to 3 years.

12. Share Capital (continued)

During the year ended June 30, 2010, 2,930,000 options were granted to employees, consultants and a director (2009 – 15,851,000 options were granted to various directors and members of management). Using an option pricing model with the assumptions noted below, the estimated fair value of all options recognized during the years ended June 30, 2010 and 2009 have been reflected in the financial statements as follows:

	For the years ended June 30,	
	2010	2009
Mineral property exploration and development	$ 167,671	$ 338,255
Property, plant and equipment	101,764	136,378
Administration and operation	1,227,420	1,416,204
Total compensation cost recognized in operations, credited to contributed surplus	$ 1,496,855	$ 1,890,837

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

	June 30, 2010	June 30, 2009
Risk-free interest rate	1.96%	2.92%
Expected life	3.4 years	4.0 years
Expected volatility	97%	92%
Expected dividends	nil	nil

The weighted average fair value of options granted during 2010 is $0.17 (2009 - $0.18).

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.

e. Agent’s options

Continuity of Agent’s options outstanding:

Expiry date	Exercise price	Balance, June 30, 2008	Expired	Balance, June 30, 2009 and 2010
25-Jun-09	$0.50	1,994,800	(1,994,800)	-

Each Agent’s option unit is comprised of one common share of the Company and one-half share purchase warrant exercisable at $0.50 for two years until June 25, 2009 (“Agent’s warrant”). Each Agent’s warrant would allow the holder to purchase one common share at $0.65 exercisable to June 25, 2009. As at June 30, 2009 and 2010, all Agent’s options were expired.

12. Share Capital (continued)

f. Contributed surplus

		Amount
Balance, June 30, 2008	$	4,821,161
Stock-based compensation		1,890,837
Balance, June 30, 2009	$	6,711,998
Stock-based compensation		1,496,855
Balance, June 30, 2010	$	8,208,853

13. Loss Per Share

		June 30, 2010		June 30, 2009
Net loss for the year	$	2,936,587	$	3,498,950
Weighted average number of common shares outstanding		156,003,110		150,492,713
Basic and diluted loss per share	$	0.02	$	0.02

14. Related Party Transactions

Related party		June 30, 2010		June 30, 2009
Avocet Mining PLC. (a)	$	-	$	712,672
Avocet Mining PLC. (b)	$	-	$	134,048
George Brazier, director (c)	$	60,000	$	30,000
Base Consultant (d)	$	-	$	33,225

a. During the year ended June 30, 2009, the Company purchased a ball mill from Avocet, a shareholder of the Company, for consideration of $3,250,001 by issuing the Company's equity (note 12(b)(ii)). Due to a lack of third party evidence of market value, the transaction has been measured at the carrying amount. The Company recorded the cost of the ball mill at the book value of $712,672 provided by its previous owner and included the difference of $2,537,328 in deficit.

b. Avocet also provided training assistance to the Company during the year for $134,048 which was included in mineral properties and accounts payable in 2009. The balance payable was subsequently settled through the issuance of shares (note 12(b)(iii)).

c. George Brazier, a director of the Company, provides general consulting services to the Company. For the year ended June 30, 2010, he earned $60,000 (2009 - $30,000) for such services, of which $5,250 (2009 - $5,250) was outstanding and included in accounts payable as at June 30, 2010.

d. Lorenzo Trentini was a director of the Company up to March 29, 2009 and provided consulting services to the Company. For the year ended June 30, 2009, he was paid $33,225 through Base Consultant, a company incorporated in Switzerland, for such services. The service contract was terminated concurrently with his directorship.

All transactions, except for purchase of the ball mill and settlement of debt through the issuance of shares, are in the ordinary course of business and are measured at the exchange amount, which is the amount of consideration established and agreed between the related parties.

15. Income Tax

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	June 30, 2010	June 30, 2009
Income tax recovery computed at statutory rates	$ 860,700	$ 1,058,200
Lower effective rate attributable to Malaysian income	(3,900)	(36,500)
Non-deductible stock-based compensation	(359,000)	(428,400)
Non-deductible foreign exchange loss	(84,100)	(8,200)
Other non-deductible expenses	(12,300)	(15,000)
Share issuance costs deductible for tax purposes	251,100	259,600
Non-business income	(900)	-
Unutilized tax losses	(652,401)	(830,733)
Reduction in future income tax liability due to statutory rate reduction	6,900	-
Income tax recovery (expense)	$ 6,099	$ (1,033)
Income tax recovery (expense) consists of the following:		
Current tax provision	$ (801)	$ (1,033)
Future tax provision	6,900	-
Income tax recovery (expense)	$ 6,099	$ (1,033)

Future income tax assets and liabilities have been calculated using the following enacted corporate income tax rates: Canada at 25.75% (2009 – 26%) and Malaysia at 25% (2009 – 20%). Significant components of future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	June 30, 2010	June 30, 2009
Future income tax liabilities		
Mineral property interests in excess of tax value	$ (858,400)	$ (980,400)
Property, plant and equipment in excess of tax value	(353,200)	(90,300)
	(1,211,600)	(1,070,700)
Future income tax assets		
Asset retirement obligation in excess of tax value	641,600	300,500
Share issuance cost carry forwards	516,500	744,400
Loss carry forwards	2,032,200	1,382,200
	3,190,300	2,427,100
Valuation allowance	(2,694,800)	(2,079,400)
Net future income tax assets	495,500	347,700
Net future income tax liabilities	$ (716,100)	$ (723,000)

At June 30, 2010, the Company's losses for Malaysian tax purposes are approximately $961,600 (Malaysian ringgit 2,935,000), that may be carried forward to apply against future income for Malaysian tax purposes. These losses do not expire.

15. Income Tax (continued)

At June 30, 2010, the Company has non-capital losses available for carry-forward for tax purposes that are available to reduce taxable income of future years in Canada of $6,958,300. The losses expire as follows:

	Total
2014	19,300
2025	50,900
2026	180,600
2027	1,186,900
2028	861,300
2029	2,506,600
2030	2,152,700
	$ 6,958,300

The future benefit of future income tax assets has not been recorded in these consolidated financial statements to the extent that the Company estimates that these assets, more likely than not, will not be realized.

16. Commitments

	2011	2012	2013	2014	2015	Total
Operating leases	$ 40,338	$ 41,548	$ 30,053	$ 20,195	$ 2,883	$ 135,017
Mineral property fees	57,286	44,401	7,054	7,054	7,054	122,849
Purchase commitments	479,636	-	-	-	-	479,636
Consulting agreements	108,000	-	-	-	-	108,000
	$ 685,260	$ 85,949	$ 37,107	$ 27,249	$ 9,937	$ 845,502

17. Other Income (Expenses)

	2010	2009
Foreign currency exchange loss	$ (176,990)	$ (291,666)
Changes in fair value of forward contracts	(15,434)	(61,245)
Interest income	29,675	311,591
Total	$ (162,749)	$ (41,320)

18. Supplemental Cash Flow Information

		June 30, 2010		June 30, 2009
Supplemental information				
Non cash financing and investing activities				
Stock based options charged to mineral property interests	$	167,671	$	338,225
Stock based options charged to construction in progress	$	101,764	$	136,378
Deferred financing costs included in accounts payable	$	32,586	$	-
Deferred business development included in accounts payble	$	14,981	$	-
Deferred business development deducted from mineral properties	$	(50,000)	$	-
Amortization charged to mineral property interests	$	199,742	$	41,322
Amortization charged to construction in progress	$	143,055	$	5,008
Change in mineral property costs included in accounts payable	$	1,626,043	$	255,338
Gold sales charged to mineral properties and included in accounts receivable	$	(1,924,498)	$	-
Change in property, plant and equipment costs included in accounts payable	$	(61,573)	$	1,217,799
ARO charged to mineral properties	$	1,061,962	$	1,160,394
ARO charged to property, plant and equipment	$	(132,572)	$	234,378
ARO accreted to mineral properties	$	126,793	$	-
ARO accreted to property, plant and equipment	$	23,437	$	-
Shares issued pursuant to acquisition of equipment	$	-	$	3,250,001
Shares issued pursuant to settlement of debt	$	(134,048)	$	-
Interest paid	$	-	$	-
Income taxes paid	$	680	$	1,023

19. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue so that it can continue to provide returns for shareholders, and to have sufficient funds on hand to fund its future business acquisition and its gold production at Selinsing Gold Mine, to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company includes the components of shareholders' equity and credit facilities as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue equity, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Company's Board of Directors.

There were no changes to the Company's approach to capital management during the years ended June 30, 2010 and 2009.

20. Segment Disclosures

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

	June 30, 2010	June 30, 2009
Canada		
Property plant and equipment	$ 24,067	$ 35,910
Mineral property interests	$ -	$ -
Malaysia		
Property plant and equipment	$ 17,260,162	$ 9,564,190
Mineral property interests	$ 35,824,808	$ 47,237,473

21. Subsequent Events

a. $13 Million Financing

On August 11, 2010, the Company closed a private placement of $8 million in convertible notes (the "Notes") and a $5 million forward sale of gold (the "Forward Sale").

The Notes have a term of five years and one day from the date of the issuance and must be repaid by the Company at the end of the term in cash at 121.67% of the principal amount. Any early repayment of the Notes will result in a pro-rata adjustment of this repayment amount. The holders of the Notes (the "Noteholders") may, at any time, convert the Notes into units at a price of $0.40 per unit with each unit comprising one common share of the Company and one common share purchase warrant. Each whole share purchase warrant is exercisable at $0.50 per share, expiring five years and one day from the date of issuance of the Notes. The conversion price of the units and the exercise price of the warrants are subject to adjustment in accordance with anti-dilution provisions of the Notes and the warrants. Upon conversion, the Company is required to make a cash payment on converted amount to the holder.

In connection with the issuance of the Notes, the Company entered into gold option agreements with each of the Noteholders (the "Option Agreements") whereby the Noteholder has the option to acquire gold from the Company up to an amount equal to the balance of the Note outstanding at the price greater of: (i) $1,000 per ounce; and (ii) the gold price in US dollars as set by the London PM Fix and converted to Canadian dollars at the noon rate of exchange published by the Bank of Canada on the maturity date of the Notes, less a 5% discount. In addition, as an inducement to enter into the subscription agreement for the Notes, the Company granted Noteholders the option to purchase an aggregate of 5,714 ounces of gold at a price of $1,000 per ounce and 2,857 ounces of gold at a price of $1,250 per ounce at any time during the term of the Notes commencing 18 months after closing.

The closing of the Forward Sale resulted in the advance of $5 million to the Company. Repayment of the advance will be made in gold of 5,000 ounces with adjustment reflecting foreign exchange fluctuations between Canadian dollars and US dollars. The Forward Sale has a term of five years and one day. Warrants for the purchase of 5 million common shares with the same terms as described in connection with the Notes above were issued to the lender on closing. The warrants must be either exercised or otherwise expire on a pro-rata basis within 30 days of the delivery of gold by the Company.

The Company's obligations under the Option Agreements and the Forward Sale are secured by designated gold metal accounts of the Company. In connection with such security, the Company is required to deposit an aggregate of 397 ounces of gold per month from the end of the first month following the earlier of (i) commencement of commercial production of the gold treatment plant of the Company's Malaysian subsidiary for its gold production operation in Malaysia; and (ii) the date that is three months from the closing, up to a maximum 13,000 ounces of gold.

A finder's fee and a financial advisory fee together totaling 10% were paid in cash in connection with the issuance of the Notes and the closing of the Forward Sale.

The Notes, any securities issued upon conversion thereof, the warrants issued in connection with the Forward Sale and any shares issued upon conversion thereof are subject to a hold period and may not be traded in Canada until December 12, 2010, except as permitted by applicable Canadian securities laws and the TSX Venture Exchange.

The funds are to be used for the planned exploration programs; closing acquisition of a prospective exploration property adjacent to Selinsing where the Company's gold treatment plant is located; and for the gold treatment plant extension with a second mill.

21. Subsequent Events (continued)

b. Famehub Acquisition

On September 13, 2010, the Company closed the Famehub Acquisition by purchasing 100% of Famehub shares for consideration of $1.5 million in cash and 14 million fully paid common shares of the Company. Subsequent to closing the transaction, total issued and outstanding share capital increased to 170,115,028.

c. Share capital

Subsequent to the year ended June 30, 2010, the Company issued 125,000 fully paid and non-assessable common shares upon exercise of the stock options. Subsequent to the share issuance, total issued and outstanding share capital increased to 170,240,028.

CORPORATE INFORMATION

Officers and Management Team

Robert Baldock, CA (M), FCPA, FIMC
President & CEO

Cathy Zhai, B.Sc., CGA
CFO & Corporate Secretary
Vice President, Corporate Finance

Zaidi Harun,
Vice President, Exploration

Kevin J. Wright, ACSM
General Manager, Mine Manager

Scott Ladd (P. Eng.)
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Frankfurt Stock Exchange, Symbol: D7Q1

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