

# MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
(in United States dollars, except where noted)

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The following Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of November 28, 2014 should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended September 30, 2014 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards board ("IASB"). The readers are also recommended to read this MD&A in conjunction with the audited consolidated financial statements for the year ended June 30, 2014 and related notes for additional details.

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

Additional information relating to the Company's activities may be found on the Company's website at [www.monumentmining.com](http://www.monumentmining.com) and at [www.sedar.com](http://www.sedar.com).

## 1. EXECUTIVE SUMMARY

### 1.1 First Quarter Highlights

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- Gold production of 9,745 ounces ("oz") (Q1 fiscal 2014: 10,515oz);
- Cash cost per ounce of US\$699/oz (Q1 fiscal 2014: US\$503/oz);
- Gross revenue from gold sales of \$8.18 million on 6,300oz sold (Q1 fiscal 2014: \$16.00 million);
- Profit margin generated from gold production of \$2.10 million (Q1 fiscal 2014: \$7.33 million);
- Ore processed of 253,514t, increased by 8% compared to Q1 fiscal 2014;
- Processing recovery rate of 84.4%, increased by 6% compared to Q1 fiscal 2014;
- Test work at Selinsing for sulphide ore treatment;
- Test work at Mengapur for magnetite and copper recovery continued to progress;
- Completed initial exploration program at the Murchison Project, commencement of additional drilling;
- Commenced exploration drilling at the Perangih prospect at Buffalo Reef, Malaysia; and
- The Company is in the final stages of assessing the alternative gold recovery process for Phase IV sulfide treatment method for Buffalo Reef.

### 1.2 Business Overview

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Monument Mining Limited (TSX-V:MMY, FSE:D7Q1) ("Monument" or "the Company") is an established Canadian gold producer and mining asset developer. The Company's 100% owned gold portfolio include the Selinsing Gold Mine ("Selinsing"), the Buffalo Reef Property ("Buffalo Reef") and the Famehub properties ("Famehub") located in Pahang State within the Central Gold Belt of western Malaysia, and the Murchison Gold Project in Western Australia. It also owns 100% of the development stage Mengapur Polymetallic Project ("Mengapur") in Pahang State, Malaysia.

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

Monument has an experienced management team with a demonstrated ability to quickly build profitable operations. The Company employs 278 people in Malaysia and is committed to the highest standards of environmental management, social responsibility, and health and safety for its employees and neighboring communities. Monument's Head Office is located in Vancouver, British Columbia, Canada. It operates through its subsidiaries in Pahang State, Malaysia and Western Australia.

### 1.3 Review of Operations

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With gold prices lower than the \$1,300 per ounce range, Monument has maintained its low cash cost gold production at Selinsing and continued to optimize the plant performance in order to increase gold recoveries. Operating cash flow from Selinsing production is being invested in the development of the existing gold and polymetallic project portfolio, including Research and Development ("R&D") programs, exploration and the continued strategic acquisition of mineral resources, to take advantage of under-valued mineral properties in the emerging mining market and to integrate its gold properties in the targeted region.

The Company maintained focus on steady growth in pursuing the following key strategies for fiscal 2015:

- Diversification of country risk and single site gold production risk by strategic land positioning in Western Australia;
- Delivering sustainable gold production through the optimization of plant performance and effective exploration programs;

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- Development of new technologies for treating sulphide ore materials at a reduced cost;
- Further advancement of the Mengapur Project through test work on oxide and sulfide copper in top soils, the main ore body and the transition zone; and
- Workforce development for enhancing operational excellence.

### 1.3.1 Acquisitions

Following the acquisition of the Murchison Gold Project in Western Australia, Monument continues to strategically position itself in the same region. Despite the decline in gold price which has had an adverse impact on market capitalization of most mining companies around the world, Monument believes that its business strategy of diversifying into safe jurisdictions to mitigate its current single country risk as well as its single source of cash flow is key for the Monument's continued success. During the first quarter, it has announced two intended land acquisitions near to the Murchison Gold Project. Upon completion, Monument would expect to increase its exploration potential in the Gascoyne and Murchison regions of Western Australia as a whole where there has been a long history of exploration success and gold production over the past 100 years.

#### Tuckanarra Gold Project

On August 28, 2014, the Company entered into the Tenement Purchase Agreement with Phosphate Australia Limited ("POZ") to acquire a 100% interest in the Tuckanarra Gold Project consisting of two exploration licenses, six prospecting licenses, and a mining lease covering a total of 416km<sup>2</sup> in the Murchison Mining District in Western Australia and containing historical indicated and inferred JORC compliant resources. The transaction was closed subsequent to the first quarter of fiscal 2015. Consideration of AUD\$2.00 million in cash and 10,000,000 Monument fully paid common shares at a deemed issue price of CAD\$0.25 per share were paid to POZ at closing. The Company is now reviewing the exploration program for confirmation, infill and step out drilling to confirm, extend and consolidate gold resources to its inventory for production using its Burnakurra process facility.

#### Gascoyne JV Acquisition and Private Placement (the "Proposed Transaction")

The Proposed Transaction was announced on September 4, 2014 pursuant to the Heads of Agreement entered in to by Monument and Gascoyne Resource Limited (ASX: GCY, "GCY" or "Gascoyne"). It includes the acquisition by Monument of a 50% interests in each of three properties: Dalganga, Glenburgh and Mt. Egerton by way of joint venture arrangements (collectively "Gascoyne JV Properties Acquisition"); and a "part and parcel" private placement financing integral to the Gascoyne JV Properties Acquisition to fund exploration and development of the acquired properties. The Proposed Transaction also includes Gascoyne Private Placements that allows both parties to the transaction to have cross shareholding interests up to 19.6% of each other.

To initiate the Proposed Transaction, Monument completed the first private placement on September 4, 2014, by investing AUD\$1.0 million in Gascoyne for 4,000,000 Gascoyne ordinary shares at a deemed share price of AUD\$0.25 as a part of the commitment pursuant to the Heads of Agreement. This investment has enabled Gascoyne to continue its current exploration work on the joint venture properties while both parties conduct and complete due diligence on the Gascoyne JV Properties Acquisition and part and parcel private placement transaction.

The full due diligence is nearing completion and the closing of the Proposed Acquisition has been postponed to January 31, 2015 from November 20, 2014, due to complexities of the transactions involved and other logistical issues. The closing is subject to satisfaction of due diligence, the board and regulatory approval, and certain other precedent conditions according to the Heads of Agreement. In addition to legal and title due diligence, Monument has engaged an independent technical due diligence team including Snowden International Mining Consultants, Cube Consulting Geologists, Orway Mineral Consultants and Animal Plant Mineral Environmental Consultants.

### 1.3.2 Research and Development

#### Treatment of Selinsing and Buffalo Reef Sulphide Ore

As mining enters the oxide/sulphide transition zone, the Selinsing gold processing plant is no longer treating high grade high recovery oxide ores, but lower grade leachable sulphide ores. Refractory sulphide mineralization will require different treatment to sustain gold production. The Company has engaged highly experienced senior metallurgists and is carrying out parallel studies for several alternatives including a flotation approach to produce gold or gold concentrate, plus a halide leaching and bio-heap leaching approach without flotation. A bioleach plant was recommended by the NI 43-101 report to treat sulfide materials that could achieve satisfactory recoveries. Due to a high upfront investment, the R&D program is pursuing other better treatment alternatives targeting lower capital investment.

#### Oxide Iron and Copper in Area C at the Mengapur Project

The Mengapur Project continues to represent a very significant opportunity for a long term mining asset owned by the Company with downstream commodity products. A preliminary economic assessment study ("PEA" study) was commenced during the prior fiscal year and is planned to be completed in fiscal 2015. The well-equipped on-site R&D laboratory, conducted programs during the quarter to

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support this study for development of marketable downstream products including Copper ("Cu"), Sulphur ("S"), Gold ("Au"), Silver ("Ag") oxide and sulphide resources under NI43-101 guidance, however, the completion of the PEA is subject to and pending approval and issue of the mining lease(s) from Pahang State to Star Destiny Sdn. Bhd ("SDSB"), a 100% owned subsidiary of Monument. Management continues its dialogue with the Pahang State authority to advance this process.

In addition, during the first quarter, the Company completed resource definition drilling for oxide iron materials in the overburden of Area C of the Mengapur Project. This short-term operation strategy was aimed at turning overburden removal covering the sulphide ore body at the Mengapur Project from a cost centre to a revenue generating centre by magnetite separation and flotation processes. Construction of the front end iron magnetic separation and copper flotation circuit to the existing sulphide copper flotation pilot plant was ongoing during the first quarter in order to separate iron from copper. Test work continued during the construction period to optimize the design and performance of the beneficiation process. However, the recent dramatic downward trend in iron ore prices and depressed outlook for iron ore has brought copper production into the forefront as a priority. The investment in the iron flotation circuit is still relevant but more flotation cells and circuit changes will likely be necessary in order to separate iron from copper and produce copper as the primary product.

The R&D test work also shows there might be potentially economic quantities of oxide copper ores in the top soils in the same area. During the first quarter the Company initiated study on oxide copper resources in the top soil and continued studying oxide copper recovery from samples obtained from the transition zone below the oxide overburden with plans to carry out development for oxide copper production. The test work was also continued on existing sulphide copper materials in the skarn, which offers Monument the opportunity to produce a copper sulphate crystal product utilizing the sulphide copper flotation plant. Subsequent to the first quarter, engineering design work commenced to add additional float cells to the nominal 1,000 tonne per day sulphide copper flotation process pilot plant. Further work on mineable tonnes and grade needs to be completed for Monument to make a decision on an exploitation strategy at Mengapur.

### 1.3.3 Production

During the quarter, mining operations at Selinsing generated a profit margin of \$2.10 million (Q1 fiscal 2014: \$7.33 million) from revenue of \$8.18 million (Q1 fiscal 2014: \$16.00 million). The trend of positive results have continued despite a sharp decline in the gold price and a slowdown of production as a result of mining lower grade ore blocks and stockpiling refractory mineralization for future potential processing.

The first quarter production and financial results are summarised in the following table:

**Figure 1: Operating and Financial Results**

Selinsing/Buffalo Reef		Three months ended	
		September 30, 2014	September 30, 2013
<b>Operating results</b>	Unit		
Ore mined	t	74,384	150,185
Waste removed	t	737,224	1,373,202
Stripping ratio		9.91	9.14
Ore stockpiled	t	411,128	890,495
Ore processed	t	253,514	235,809
Average ore head grade	g/t Au	1.65	1.56
Process recovery rate	%	84.39	79.66
Gold recovery	oz	11,324	9,443
Gold production	oz	9,745	10,515
Gold sold	oz	6,300	12,238
<b>Financial results</b>			
Gold sales	US\$'000	8,179	16,002
<i>Average gold price</i>			
London Fix PM	US\$/oz	1,282	1,326
Monument realized	US\$/oz	1,298	1,308
<i>Cash costs</i>			
Mining	US\$/oz	267	166
Processing	US\$/oz	368	271
Royalties	US\$/oz	63	65
Operations, net of silver recovery	US\$/oz	1	1
<b>Total cash cost per ounce</b>	<b>US\$/oz</b>	<b>699</b>	<b>503</b>

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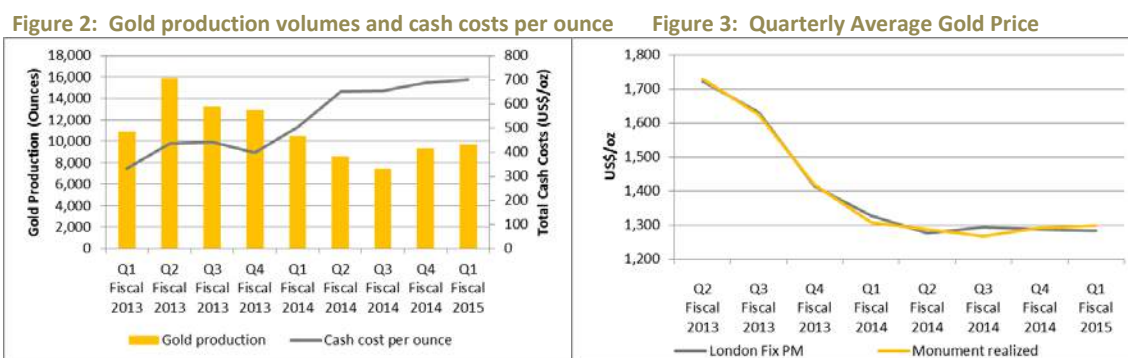
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a) Total cash cost includes production costs such as mining, processing, tailing facility maintenance and camp administration, royalties and operating costs such as storage, temporary mine production closure, community development cost and property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

Gold production, net of gold doré in transit and refinery adjustment, was 9,745oz (defined as good delivery gold bullion according to the London Bullion Market Association), a 7% reduction compared to 10,515oz in the corresponding period last year mainly due to timing of the gold outturn. Plant throughput from the Selinsing gold processing plant increased by 8% to 253,514t for the quarter (Q1 fiscal 2014: 235,809t) and processed a higher grade of 1.65g/t (Q1 fiscal 2014: 1.56g/t) compared to the corresponding quarter last year. Gold recovery increased by 20% for the quarter to 11,324oz (Q1 fiscal 2014: 9,443oz) and process recovery rate by 6% increase to 84.39% (Q1 fiscal 2014: 79.66%) compared to the corresponding period last year reflecting improved performance of the plant.

The Company sold a total of 6,300oz of gold (Q1 fiscal 2014: 12,238oz) at an average realized price of \$1,298 per ounce (Q1 fiscal 2014: \$1,308/oz) during the quarter. Gold sales generated \$8.18 million for the quarter compared to \$16.00 million in the corresponding period last year. The average London Fix PM gold price for the quarter was \$1,282 (Q1 fiscal 2014: \$1,326).

The cash cost per ounce increased to \$699/oz for the quarter from \$503/oz for the corresponding period last year, as a result of higher mining and processing costs on a per ounce basis. Together with lower prevailing commodity prices, the increase in cash operating costs has negatively impacted operating margins. Operating costs have increased due to the location of ore and processing increasingly higher quantities of lower grade mill feed containing leachable sulphide or transition ore.



### 1.3.4 Exploration

Exploration for fiscal 2015 in the Malaysia region is focused on replacement of oxide ore and further studies of regional geological structures to effectively define new targets. The first quarter of fiscal 2015 started with two Desco drill rigs completing exploration drilling at the northwestern edge of the Selinsing Pit 6, and sterilization drilling at Buffalo Reef South, then focused on the Perangih prospect and West Panau area along trend from Buffalo Reef North. A total of 19 drill holes were drilled for 1,928m, of which two holes were on-going subsequent to the first quarter, and 12 drill holes were logged for a total of 1,243m and 1,944 samples were dispatched to the SGS laboratory situated at Mengapur. These will be followed up with further mapping in Perangih, Buffalo South and other areas to support geological interpretation in the following quarter. The Company has engaged Model Earth to conduct geological studies including structural studies and assist in optimization of drilling program and provide in-house training to staff geologists.

Exploration activities at Murchison during the quarter included the completion of the initial drill program designed to validate the historical resource, increase the grade and geological continuity of the mineralization through infill drilling, test for resource extensions and define further exploration targets. The initial program consisted of 102 RC drill holes for 9,340m at Alliance and New Alliance. A program of 6 PQ diamond drill holes was also planned across varying grades within the deposit to test metallurgical recoveries and aid in process flow designs for the Burnakura CIL/CIP plant for more efficient outcomes. During the first quarter, the Company also commenced drilling on the Federal City program which consists of 63 RC drill holes for a total 4,058m.

### 1.4 Corporate Activities

- On July 28, 2014, the Company provided an update on its Selinsing Phase IV development to treat its transition and sulphide material; and announced that it has initiated R&D work on a biological heap leach approach.
- On August 27, 2014, the Company announced its first round of drilling results from the resource drilling program at the Murchison Gold Project. Best intercepts included 3m@19.58g/t Au (including 1m@53.2g/t Au), and 5m@10.32g/t Au including 1m @ 46.9g/t obtained in extensions to mineralization.

On November 18, 2014, subsequent to the first quarter of fiscal 2015, the Company announced its second round of drilling results from the resource drilling program at the Murchison Gold Project. Best intercepts included 3m@6.09g/t Au from surface in infill drilling, and 5m@3.48g/t Au from exploration drilling. The Company also provided detailed progress on the exploration program.

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- On August 28, 2014, the Company announced it entered into the Tenement Purchase Agreement with Phosphate Australia Limited to acquire Tuckanarra Gold Project in Murchison region of Western Australia by issuing 10 million fully paid Monument shares and AUD\$2.00 million in cash. The transaction which is accretive to the existing Murchison project was closed on November 12, 2014 subsequent to the quarter with free title, clear of any encumbrances.
- On September 4, 2014, the Company announced that it entered into a Heads of Agreement with Gascoyne, for the acquisition by Monument of a 50% interests in each of three properties located near Burnakurra, the Murchison region of Western Australia: Dalgaranga, Glenburgh and Mt. Egerton by way of joint venture arrangements; and a "part and parcel" private placement financing, integral to the Gascoyne JV Properties Acquisition to fund exploration and development of the acquired properties. On November 17, 2014, the parties agreed to extend Closing Date of the Proposed Transaction to no later than January 31, 2015 from November 20, 2014.
- On September 9, 2014, Veris started proceedings under the Companies' Creditors Arrangement Act ("CCAA"). A legal counsel has been appointed by Monument to monitor the proceedings in relation to the Company's outstanding loan receivable due from Veris.
- On October 6, 2014, subsequent to the first quarter of fiscal 2015, the Company announced that its appeal filed at Court of Appeal against the interim injunctive relief was heard on September 30, 2014 and was dismissed. As a consequence, US\$9.4 M is ordered be deposited by the Company within 14 days from the date of decision of the Court of Appeal into a joint account to be maintained by legal counsels of the respective parties to the lawsuit, pending the hearing and determination from the coming full trial.

On October 20, 2014, the Company announced that it obtained a stay from the Federal Court against the Court of Appeal's decision to deposit a US\$9.4 million by the Company into a joint account maintained by legal counsels of the respective parties to the lawsuit. The stay is pending hearing of the motion for leave to appeal at the Federal Court, Putrajaya, Malaysia scheduled on December 9, 2014. The full trial of the matter has been fixed on February 14 and 15, 2015.

- On November 18, 2014, subsequent to the first quarter of fiscal 2015, the Company announced that it was granted an order of the Supreme Court of British Columbia extending the time for Monument to hold the next annual meeting of shareholders with respect to its fiscal year ending June 30, 2014 to March 22, 2015. The Company plans to announce the date and details of the annual meeting of shareholders in due course.

## 2. PROJECT UPDATE

### 2.1 Gold Resources and Portfolio

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#### 2.1.1 Gold Resources

On May 23, 2013, the Company filed a NI 43-101 technical report titled "Selinsing Gold Mine and Buffalo Reef Project Expansion" (the "2013 Technical Report") with an effective date of August 31, 2012. The mineral resources identified in the 2013 Technical Report have been estimated in accordance with the standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Council in November 2010, as amended, and prescribed by the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects. The independent qualified person responsible for the NI 43-101 report was Mr. Mark Odell, a Consulting Mine Engineer and Owner of Practical Mining LLC, with extensive experience in the mining industry and a member in good standing of an appropriate professional institution. The report and a map showing the area locations is provided on the Company's web site (<http://www.monumentmining.com>) or alternatively the report can be located on Sedar, filed on May 23, 2013 ([www.sedar.com](http://www.sedar.com)).

The 2013 Technical Report was issued with respect to the Company's 100% owned principal properties: Selinsing Gold property and the adjacent Buffalo Reef property. The NI 43-101 proven and probable reserves, estimated at August 31, 2012, are 223 thousand ounces (koz) of gold from 4,890 kilotonnes (kt) of material with a grade of 1.4 grams per tonne (g/t). These reserves are within a newly estimated measured and indicated resource of 289koz of gold from 6,307kt of material at a grade of 1.4g/t. The inferred resource at Selinsing and Buffalo Reef is an additional 48koz of gold from 1,070kt of material at a grade of 1.4g/t. The tables below summarize the calculated reserves and resources by area and ore type.

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**Figure 4: Selinsing and Buffalo Reef Mineral Reserves (August 31, 2012)**

Area	Cutoff Grade g/t	Proven			Probable			Proven + Probable		
		kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
<b>Oxide Reserves</b>										
Selinsing	0.30	-	-	-	6.0	0.6	0.1	6.0	0.6	0.1
Buffalo Reef South and Central	0.30	14.0	1.6	0.7	336.0	1.9	20.8	350.0	1.9	21.5
Buffalo Reef North	0.31	12.0	0.9	0.3	155.0	1.2	5.7	166.0	1.1	6.1
Stockpile	0.30	2335.0	0.7	53.6	-	-	-	2335.0	0.7	53.6
		<b>2360.0</b>	<b>0.7</b>	<b>54.6</b>	<b>496.0</b>	<b>1.7</b>	<b>26.7</b>	<b>2857.0</b>	<b>0.9</b>	<b>81.3</b>
<b>Sulfide Reserves</b>										
Selinsing	0.62	183.0	2.7	16.1	630.0	2.2	44.6	812.0	2.3	60.7
Buffalo Reef South and Central	0.65	59.0	2.3	4.3	1,008.0	2.1	69.5	1,068.0	2.2	73.8
Buffalo Reef North	0.66	4.0	1.5	0.2	130.0	1.5	6.1	133.0	1.5	6.3
Stockpile	0.62	20.0	1.3	0.8	-	-	-	20.0	1.3	0.8
		<b>266.0</b>	<b>2.5</b>	<b>21.4</b>	<b>1,768.0</b>	<b>2.1</b>	<b>120.2</b>	<b>2,034.0</b>	<b>2.2</b>	<b>141.7</b>
<b>Total Oxide and Sulfide</b>		<b>2,626.0</b>	<b>0.9</b>	<b>76.0</b>	<b>2,264.0</b>	<b>2.0</b>	<b>146.9</b>	<b>4,890.0</b>	<b>1.4</b>	<b>222.9</b>

Notes:

- (1) The following parameters were used to determine the gold cut-off grade for each reserve area: Gold price \$1,550 per ounce; metallurgical gold recoveries ranging from 85% to 87% for sulphide materials and 92% for oxide material; processing costs of \$10.84/tonne for oxide and \$22.99/tonne for sulphide material; and mining costs ranging from \$2.08 to \$2.25 per tonne;
- (2) Reserves are contained within fully engineered pits based on Lerch Grossman optimized pits and include 5% mining losses and 5% mining dilution;
- (3) Mineral reserves were determined by Mark Odell, P.E., Practical Mining LLC.

The 2012 updated mineral resource estimate incorporates a property-wide geological model which includes a total of 28 new surface diamond drilling ("DD") results completed by Monument since the last resource estimate was completed in 2007. Drilling has been focused on defining mineralization at depth below the existing pits, within gap zones in between the known resources that contain little drill hole information, and to convert inferred materials to indicated and/or measured materials. Drill hole assays received as of June 8, 2012 were used in this resource and reserve update along with the August 31, 2012 mine face positions as surveyed by Monument staff.

**Figure 5: Selinsing and Buffalo Reef Measured and Indicated Mineral Resources, Including Reserves (August 31, 2012)**

Area	Cutoff Grade g/t	Measured			Indicated			Measured + Indicated		
		kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
<b>Oxide Resources</b>										
Selinsing	0.27	-	-	-	9.0	0.7	0.2	9.0	0.7	0.2
Buffalo Reef South and Central	0.28	14.0	1.6	0.7	373.0	1.8	21.9	386.0	1.8	22.6
Buffalo Reef North	0.28	12.0	0.8	0.3	207.0	1.1	7.4	219.0	1.1	7.7
Stockpile	0.27	2335.0	0.7	53.6	-	-	-	2335.0	0.7	53.6
		<b>2361.0</b>	<b>0.7</b>	<b>54.6</b>	<b>588.0</b>	<b>1.6</b>	<b>29.5</b>	<b>2949.0</b>	<b>0.9</b>	<b>84.1</b>
<b>Sulfide Resources</b>										
Selinsing	0.56	229.0	2.2	16.0	1,436.0	1.9	88.4	1,664.0	2.0	104.5
Buffalo Reef South and Central	0.59	60.0	2.3	4.3	1,283.0	2.0	81.6	1,343.0	2.0	86.0
Buffalo Reef North	0.60	13.0	1.3	0.6	317.0	1.3	13.5	331.0	1.3	14.0
Stockpile	0.56	20.0	1.3	0.8	-	-	-	20.0	1.3	0.8
		<b>322.0</b>	<b>2.1</b>	<b>21.7</b>	<b>3,036.0</b>	<b>1.9</b>	<b>183.6</b>	<b>3,358.0</b>	<b>1.9</b>	<b>205.3</b>
<b>Total Oxide and Sulfide</b>		<b>2,682.0</b>	<b>0.9</b>	<b>76.3</b>	<b>3,624.0</b>	<b>1.8</b>	<b>213.0</b>	<b>6,307.0</b>	<b>1.4</b>	<b>289.4</b>

Notes:

- (1) The resource cut-off grades were calculated based on a gold price of \$1,700 per oz and metallurgical gold recoveries of 92% for oxide and 85% to 87% for sulphide materials, respectively;
- (2) The open pit resources are constrained by a Lerch Grossman pit shell;
- (3) Mineral resources that have not demonstrated economic viability are not mineral reserves; and
- (4) Mineral resources determined by Mark Odell, P.E., Practical Mining LLC.



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**Figure 6: Selinsing and Buffalo Reef Inferred Mineral Resources (August 31, 2012)**

Area	Cutoff Grade		Inferred	
	g/t	kt	g/t	koz
<b>Oxide Resources</b>				
Selinsing	0.27	3	0.6	0.1
Buffalo Reef South and Central	0.28	216	1.2	8.5
Buffalo Reef North	0.28	49	0.9	1.4
Stockpile	0.27	-	-	-
		<b>268</b>	<b>1.2</b>	<b>10</b>
<b>Sulfide Resources</b>				
Selinsing	0.56	121	1.1	4.5
Buffalo Reef South and Central	0.59	632	1.6	31.9
Buffalo Reef North	0.6	48	1.1	1.7
Stockpile	0.56	-	-	-
		<b>801</b>	<b>1.5</b>	<b>38</b>
<b>Total Inferred Resources</b>		<b>1,070</b>	<b>1.4</b>	<b>48</b>

Notes:

- (1) Similar resource tabulation methodologies described for Figure 5 above apply to the resources in Figure 6;
- (2) Mineral resources that are not mineral reserves do not have demonstrated economic viability; and
- (3) Mineral resources determined by Mark Odell, P.E., Practical Mining LLC.

### 2.1.2 Selinsing Gold Mine

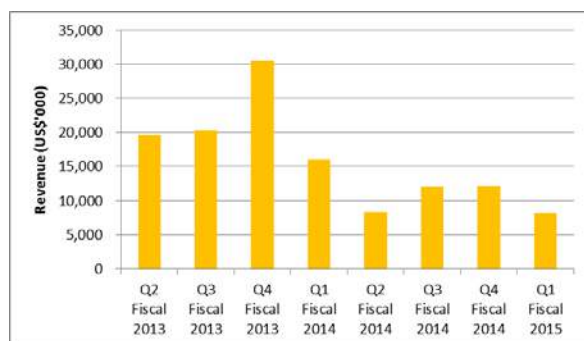
#### Background

The Selinsing gold mine is located in Pahang State, Malaysia. The Company acquired a 100% interest in the Selinsing Gold Property in 2007 and since then has developed a producing mine including the initial open pit and a gold treatment plant. Commercial production commenced in September 1, 2010. The Selinsing gold processing plant was upgraded during first quarter 2013 bringing production from 400,000tpa to approximately 1,000,000tpa.

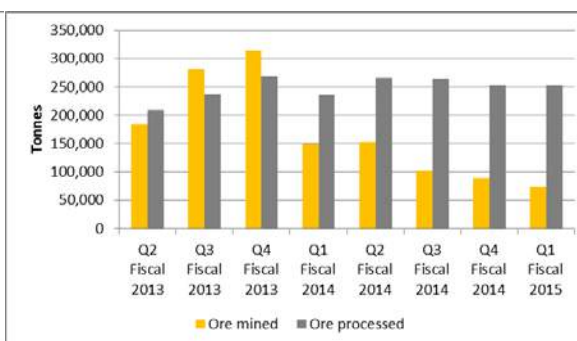
#### Production

For the quarter ended September 30, 2014, the Selinsing gold plant processed a total of 253,514t (Q1 fiscal 2014: 235,809t) and gold recovery was 11,324oz (Q1 fiscal 2014: 9,443oz). Ore mined decreased by 50% to 74,384t in quarter compared to the corresponding period last year. The average ore head grade has increased to 1.65g/t for the quarter from 1.56g/t for the corresponding period last year. Figure 9 illustrates gold production results on a consolidated basis including both the Selinsing and Buffalo Reef operations:

**Figure 7: Selinsing Gold Mine: Revenue**



**Figure 8: Selinsing Gold Mine: Operating Metrics**



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Figure 9: Selinsing Gold Mine Production Results

Selinsing/Bufalo Reef		Q1 Fiscal 2014	Q2 Fiscal 2014	Q3 Fiscal 2014	Q4 Fiscal 2014	Q1 Fiscal 2015
<b>Operating results</b>	Unit					
Ore mined	t	150,185	153,207	101,955	88,794	74,384
Waste removed	t	1,373,202	1,164,603	886,072	821,279	737,224
Stripping ratio		9.14	7.60	8.69	9.25	9.91
Ore stockpiled	t	890,495	815,440	692,467	558,252	411,128
Ore processed	t	235,809	265,814	263,990	253,359	253,514
Average ore head grade	g/t Au	1.56	1.13	1.28	1.30	1.65
Process recovery rate	%	79.66	70.98	75.76	76.17	84.39
Gold recovery	oz	9,443	6,825	8,248	8,052	11,324
Gold production	oz	10,515	8,588	7,487	9,392	9,745
Gold sold	oz	12,238	6,482	9,550	9,400	6,300
<b>Financial results</b>						
Gold sales <sup>(a)</sup>	US\$'000	16,002	8,340	12,094	12,147	8,179
<u>Average gold price</u>						
London Fix PM	US\$/oz	1,326	1,276	1,293	1,288	1,282
Monument realized	US\$/oz	1,308	1,287	1,266	1,292	1,298
<u>Cash costs <sup>(b)</sup></u>						
Mining	US\$/oz	166	221	240	262	267
Processing	US\$/oz	271	337	358	357	368
Royalties	US\$/oz	65	90	53	65	63
Operations, net of silver recovery	US\$/oz	1	2	3	3	1
Total cash cost per ounce	US\$/oz	503	650	654	687	699

(a) Total gold sales for fiscal 2013 include sale of gold released from escrow during the year for \$11 million.

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

### Development

Ore processed during the first quarter continued with low grade oxide and leachable sulphide material. A further plant expansion (Phase IV) is required in order to process refractory sulphide materials. The Phase IV expansion proposed in the NI 43-101 report included the addition of a bio-leach circuit into the existing Carbon in leach ("CIL") plant which had a capital cost of approximately \$45.8 million and provided a net present value ("NPV") of \$10.7 million and a 21% rate of return. Monument has established an R&D team at Selinsing to explore different refractory ore process including roasting, pressure oxidation, halide-chloride leaching, fine grinding, and biological heap leach and selling of concentrate with the assistance of the independent consultant options in order to significantly improve the economics of the project.

A test work for biological heap leaching was commenced during the first quarter in addition to its other research and development work in evaluating less capital intensive alternatives. This method has the advantage of low capital investment. A sulphide concentration plant and alterations to crush ore feed would not be required under this method. Potentially crushed ore from the present crushing circuit can be directly treated through permanent heap leach pads. These permanent re-usable heap leach pads can be built and operated in-house by the present staffing at Selinsing with low capital expenditure that require multiple cells, suitably lined liquor ponds and a network of reticulation piping, pumps and metal recovery systems. During the quarter, total expenditure on metallurgical R&D work for Selinsing was \$0.22 million (Q1 fiscal 2014: \$nil) which included laboratory work and other studies on the halide-chloride leaching process.

### Exploration

For Q1 2015, as part of an additional exploration program, 1 DD hole totaling 56m was completed at Selinsing and five drill hole assays were finalized and received. During the quarter, exploration and related site expenditure was \$0.07 million (Q1 fiscal 2014: 0.01 million). The Company awaits additional results from drill samples completed during the fiscal 2014 and fiscal 2015 programs, which were sent to SGS (Malaysia) Sdn. Bhd., an accredited laboratory which complies with requirements of ISO/IEC 1725:2005, for preparation and analysis. Quality assurance and quality control ("QAQC") is maintained through the submission of certified reference materials and blanks. In addition, coarse reject and pulp drill hole duplicates are collected and analyzed at a secondary certified commercial laboratory.



## MANAGEMENT'S DISCUSSION & ANALYSIS

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The recent drill hole assay results confirm that gold mineralization extends below the existing pit design and continues at depth. The ongoing programs will continue to test the gold distribution at depth and along strike. The Selinsing "Deeps" mineralized drill hole results (located below the current design pit) are similar in grade and true thickness to those obtained from historic drilling campaigns conducted before the 2007 acquisition.

### Environment, Safety and Health

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

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

During the first quarter, no lost time accidents or environmental incidents were reported. Third party environmental compliance audits were conducted by independent consultants with no major issues. Hydro seeding was carried over a 1,600m<sup>2</sup> areas around waste dumps and around the mine site. DOSH site visits and audit were also carried out for certification renewals. Routine safety inspection, inductions, air sampling and noise sampling was also conducted at the mine site and regular checks were made on fire extinguishers, first aid kits and safety showers.

### Litigation

On October 10, 2012, the Company was made a party in a Writ and Statement of Claim filed by Selinsing Mining Sdn Bhd ("SMSB"), a company wholly owned by Kesit Pty Ltd, an Australian private limited company. In the suit, SMSB claims, among other things, a 5% "Joint Venture Interest" in the profit of the gold production from Monument's Selinsing Gold Mine. SMSB was the previous sub-lease holder and operator that sold the Selinsing Gold Mine to Monument, free and clear of any encumbrances in a transaction that closed on June 25, 2007. SMSB has been paid in full and it was not until 2012 that SMSB made a claim against Monument, its subsidiary Able Return Sdn Bhd and Selinsing Gold Manager Sdn Bhd (the "Monument") in relation to its purported "Joint Venture Interest". Monument denies this alleged "Joint Venture Interest".

A full trial of the matter has been fixed at the Shah Alam High Court, Malaysia in February 2015 after the Court of Appeal set aside with costs in July 2013 a summary judgment which was granted by Shah Alam High Court in March 2013 in favour of the Plaintiff against Monument, including a conditional stay of the summary judgment for Monument to pay cash of approximately \$10.00 million into a bank account jointly operated by both parties solicitors.

During the first quarter of fiscal 2015, the Plaintiff filed another application to the Shah Alam High Court for an interim injunctive relief, including, among other things, restraining and preventing Monument's wholly-owned subsidiary, Selinsing Gold Mine Manager Sdn Bhd from disposing of and/or transferring the Plaintiff's purported 5% share of the profits obtained from the Selinsing Mine to Monument's wholly-owned subsidiary, Able Return Sdn Bhd, Monument or other third parties pursuant to the purported joint venture agreement claimed by the Plaintiff, and ordering that \$9.40 million be deposited into a joint account to be maintained by legal counsel of the respective parties to the lawsuit, pending the hearing and determination from the coming full trial. The injunctive relief was granted by the Shah Alam High Court, the same court that granted the summary judgment that was reversed on appeal in favour of Monument.

Monument filed an appeal to the Court of Appeal in Putrajaya on July 23, 2014 against the court decision, which was heard on September 30, 2014 and was dismissed. Immediately the Company filed the application for stay with the Federal Court. On October 20, 2014, subsequent to the first quarter, the Company obtained a stay from the Federal Court against the Court of Appeal's decision. The stay is pending hearing of the motion for leave to appeal at the Federal Court, Putrajaya, Malaysia scheduled on December 9, 2014.

Shah Alam High Court also granted among others an injunction order restraining SMSB from interfering and disrupting the management of the business operation on MC 1/113 and MC 1/124 and from corresponding with any third parties on the subject matter.

The Company maintains its view, based on legal advice and the facts of the matter that the claim by the Plaintiff is without merit.

### 2.1.3 Buffalo Reef Project

#### Background

On June 25, 2007, the Company acquired 100% of the common shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a company 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.

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### Production

The Company commenced mining at the southern area of the Buffalo Reef since January 2013. The oxide ore mined is sold under commercial terms to Able, the owner of the Selinsing processing plant. Production output is consolidated with the Selinsing gold mine. During the first quarter, total ore mined from Buffalo Reef was 19,676 tons (Q1 fiscal 2014: 50,633 tons).

### Exploration

In the first quarter, the exploration program was catching up on the backlog of the drill hole logging, sampling, and drill hole assays from SGS-Malaysia. The geological structure study was commenced in order to improve understanding of regional geology and define further resource drilling targets. Drilling was added due to the identification of new mineralized zones and to replace annual depleted oxide ore.

The fiscal 2015 drilling program at the Damar properties includes:

- resource infill at all areas including Buffalo Reef and adjacent Selinsing, and Felda land;
- definition drilling in the main deposits to help convert resources to reserves;
- between the southern part of Buffalo Reef Pit and north of the Selinsing Pit 6;
- oxide extensions at the southern end of Selinsing Pit 4;
- oxide resource infill at Buffalo Reef South, Buffalo Reef North and Central to support the ongoing sulfide metallurgy test work;
- 21 drill holes totalling 2,007m planned for the Perangih prospect, located within the West Panau tenement.

Initial drilling started at the Perangih prospect in July 2014 and focused on the surface soil anomaly and confirmation of the existence of a mineralized quartz-breccia system at depth with low grade gold mineralization. Surface samples were also collected at Perangih during the quarter to help expand the surface gold anomaly and help understand the nature of the gold mineralization. During the first quarter, the Company incurred exploration and site expenditure of \$0.81 million (Q1 fiscal 2014: \$0.13 million) and metallurgical R&D of \$0.37 million (Q1 fiscal 2014: \$nil) at Buffalo Reef.

#### 2.1.4 FELDA Project

##### Background

Concurrent with the mine development and production, the Company has also extended the Selinsing property by acquiring exclusive irrevocable exploration licenses over 896 acres of FELDA Land through a subsidiary Able Return Sdn Bhd ("Able"). The FELDA land is located east and south adjacent to Selinsing and Buffalo Reef, gazetted as a group settlement area covering 3,920 acres of land. The tenements of the FELDA land are owned by local individuals called "Settlers". On April 2, 2013, Monument obtained consent from FELDA allowing exploration to commence at the acquired FELDA land.

The Company has spent \$0.23 million on the FELDA land acquisition with an initial three year exploration term, renewable for another three years at the Company's sole discretion; and if applicable, the Company has right to convert the exploration license to a mining lease at its sole discretion upon regulatory approval. An application for a mining licence ("ML") over certain areas of the Felda has since been lodged.

##### Exploration

The objective of the fiscal 2015 FELDA exploration program is to discover new resources and enable the Buffalo Reef and Selinsing open pit to be extended to access to depth. For the first quarter, \$0.03 million was spent on FELDA land primarily for metallurgical work (Q1 fiscal 2014: \$0.56 million).

#### 2.1.5 Famehub Project

##### Background

On September 13, 2010, through its wholly-owned subsidiary Damar, the Company acquired the Famehub Property by purchasing 100% of the issued and outstanding shares of Famehub Venture Sdn. Bhd. ("Famehub"), a company incorporated in Malaysia, for approximately \$5.00 million. Famehub has rights to approximately 32,000 acres of prospective exploration land to the north of Buffalo Reef along the trend and east of the Selinsing gold mine. The Company has reviewed the exploration programs at all of these properties, targeting the consolidation of its Selinsing and Buffalo Reef properties together with the Famehub Property around the Selinsing gold mine in order to extend the life of the mine. Snowden completed an NI 43-101 Technical Report on the Famehub area dated August 2010 that may be found on Monument's website.

## 2.2 Mengapur Polymetallic Project

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##### Background

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

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owners. Monument acquired 100% of Mengapur from those owners, in fiscal 2012 and 2013 through strategic steps aimed to maximize economic value of the project, except for the oxide magnetite materials in the top soil at lot 10210 that were not included in the historical resources in the full bankable feasibility study. The Company now owns a 100% interest in the CASB mining lease ("ML") and holds an application for renewal of its exploration license ("EL") and three applications for mining leases ("ML") over SDSB elements of the Mengapur Polymetallic Project. The Company is waiting for the issue by the Pahang government of these licenses.

### Resources

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

Work continued during the first quarter on the Mengapur NI 43-101 Technical Report. Activities related to the preparation of the Technical Report included additional metallurgical test work at Inspectorate (Canada), summarizing and assigning the metal recovery results and associated concentrate grades for sulphide and transitional mineralization, updating the processing costs, working on the resource pit, and working on the data audit and QA/QC analysis. The completion of the NI 43-101 report is waiting for the completion of remaining metallurgical test work and analysis. The report is not able to be completed or published until the required title to the mining land issues.

### Oxide Magnetite Purchase and Profit-Sharing Agreement

Oxide magnetite materials in iron oxide overburden "soils" of the Mengapur property belong to Malaco, the previous owner while MMSB is the sole operator of all iron production of the overburden soils. ZCM Minerals Sdn. Bhd. ("ZCM") and Phoenix Lake Sdn. Bhd. ("PLSB") (together the "Third Party") are currently mining the iron ore soils in Areas A and B of the Mengapur mine site. A "harmonization" agreement between the Third Party and MMSB, the exclusive operator, allows the Third Party to mine near-surface iron in free digging (not hard rock) oxide soils and for Monument to protect its mineral assets and continue developing access to sulphide and transitional resources. The Company has an established grade control and survey team present at the operation, with all costs recovered in full.

On January 29, 2014, the Company entered into a binding Oxide Magnetite Purchase and Profit-Sharing Agreement (the "Agreement") with Malaco. The Agreement pertains to Area C of the Mengapur project and confirms Monument's right to access, extract, process and sell the oxide magnetite materials from Area C overburden; in addition, Monument would purchase approximately 1.2mt of stockpiled iron oxide soils at Area C, intended to be used as initial inventory for approximately the first year of iron oxide production. The decision to proceed with recovering the iron oxide to concentrate will depend on the prevailing market price of the iron product.

### Research and Development

The opportunity to extract magnetite in addition to copper from the skarn was identified through drilling and other exploration activities, which indicated that the magnetite can be separated from the copper and other metals at the Mengapur site. Monument's on-site R&D laboratory developed a circuit for recovery of magnetite from the sulphide fresh rock in addition to a marketable grade copper concentrate. During the first quarter, the Company continued to install the iron beneficiation plant including a front end washing plant. The commissioning is planned in October subsequent to the end of the first quarter to carry out a pilot run.

Due to sharp declining of iron price in fiscal 2015, the Company is re-evaluating the production alternatives and has initiated studies on copper production. The test work was carried out on potential oxide copper resources in the top soil and existing sulphide copper materials in the skarn, which offers Monument the opportunity to produce a copper sulphate crystal product utilizing the existing sulphide copper flotation plant. Subsequent to the first quarter, engineering design work commenced to add additional float cells to the nominal 1,000 tonne per day sulphide copper flotation process pilot plant. Further work on mineable tonnes and grade needs to be completed for Monument to make a decision on an exploitation of this strategy at Mengapur.

### Exploration

Exploration activities at Mengapur during the first quarter of fiscal 2015 focused on iron oxide soils development and further exploration activities conducted on identification of iron oxide resources. Magnetic susceptibility determinations continued at site on drill hole pulps to quantify the potential iron oxide resource. Davis Tube test work performed at the on-site laboratory and other certified laboratories outside Malaysia confirmed the magnetic susceptibility data in the oxide samples. Additional metallurgical work is in progress to investigate other potential recoverable iron oxide species such as goethite.

No drilling was conducted during the quarter. Monument staff completed a magnetite and total iron mineral inventory on Area C of the CASB tenement based on the recent drilling programs from fiscal 2012 through fiscal 2014. Analysis continued on data collected from

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the prior year drilling to further understand the polymetallic resources and to support mine design. During the first quarter, the Company incurred \$0.22 million (Q1 fiscal 2014: \$1.65 million) on exploration, site and metallurgical R&D activities at the Mengapur Project.

The prospecting exploration permit of Star Destiny Sdn. Bhd. ("SDSB") expired on September 23, 2012. The Company submitted an application of renewal in November 2011 to the Pahang State authority; it also submitted two applications for mining licenses in 2009 and 2010 over sections of the same area. Another application for a mining lease over the prospecting land was also submitted in August 2012. The Company has yet to receive an official notification from the Pahang State authority in response to its applications.

### 2.3 Murchison Project

#### Acquisition

On February 21, 2014, Monument closed the Murchison Gold Project acquisition. The consideration of AUD\$15 million cash was paid to Jinka Minerals Limited, Kentor Minerals (WA) and KGL Resources Limited (the "Vendors") under a "Mining Property Sale Deed" in exchange for the Murchison Gold Project, including a number of mining and exploration tenements and lease applications covering approximately 98 square kilometers of mining land. The tenement package holds a JORC compliant historical gold resource, a 260,000 tpa CIL gold processing plant, 118 man mine camp, workshops, laboratory and all necessary infrastructure required to operate the project.

#### Historical Resources

The Murchison Gold Project consists of both the Burnakura and Gabanintha properties, located near Meekathara in the Murchison Mineral Field, approximately 765 kilometers North of Perth. A historical indicated resource of 2.48mt @ 3.2g/t Au for 254koz and a historical inferred resource of 3.94mt @ 2.3g/t Au for 292koz as per the JORC guidelines of 2004 and 2012 within a number of previously operated open pits and an underground mine was determined by BM Geological Services in the report "Murchison Gold Project: Burnakura and Gabanintha resource inventory (December 2013)". The Company believes that the quality of the data supporting the resources meets industry standards. Wireframes were built using 0.5g/t Au mineralized envelopes. The resources are estimated using either ordinary Kriging or multiple indicator Kriging and are reported above a block grade of  $\geq 1\text{g/t Au}$ . The historical resources have been reported in line with the JORC guidelines, and resource confidence categories and the reliability of the estimate are consistent with this standard. Monument considers this historical resource estimate to be relevant to its ongoing review of the Murchison Gold Project. In addition, Monument is reviewing other historical resource estimates prepared on all or parts of the Murchison Gold Project.

Table 1 Historical resource inventory and the historical classification as per JORC 2004 and JORC 2012:

Project	Deposit	Indicated			Inferred		
		Tonnes (Mt)	Grade (g/t)	Gold (KOz)	Tonnes (Mt)	Grade (g/t)	Gold (KOz)
Burnakura	NOA 1	0.10	3.0	10	0.01	1.6	0.5
	NOA 2	0.64	4.8	98	0.12	6.3	24
	NOA7,8	1.03	2.9	97	0.28	3.1	27
	Lewis	0.13	1.9	8	0.08	1.6	4
	Alliance	0.30	2.8	27	0.26	2.7	23
	New Alliance	0.28	1.9	17	0.14	1.9	9
	Authaal				0.44	2.0	28
	Federal City				0.19	2.7	16
	Banderol				0.22	1.5	11
Gabanintha	Tumblegum				0.06	1.8	3
	Canterbury				0.50	1.7	27
	Terrells				0.70	1.8	41
	Yagahong				0.05	1.5	2
	Yagahong North				0.80	2.9	75
	Golden Hope North				0.10	1.5	5
	<b>Grand Total</b>	<b>2.48</b>	<b>3.2</b>	<b>254</b>	<b>3.94</b>	<b>2.3</b>	<b>292</b>

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

The information contained in the above historical resource statement has been compiled and reviewed by Darryl Mapleson (BSc (Hons), FAusIMM) who is a qualified Geologist retained by Monument Mining Limited and is a Qualified Person as defined by JORC guidelines and NI 43-101. He has been working in Australia for Monument as an independent consultant.

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The Vendors intended to develop the next stage of the project as a low-cost heap leach operation to process low-grade ore but shut down operations as a result of an inability to finance the balance of the project in the present market. Heap leach equipment, engineering, permit applications and location of the heap leach pad site were completed in 2013 providing the potential to reasonably move to production once a complete review program is completed by Monument. Both Burnakura and Gabanintha will be operated from the one infrastructure facility. The Company has not made a production decision with respect to the property and the Company's plan to develop a low-cost heap leach operation on the property is subject to the Company completing its review program on the property.

### Exploration

Exploration activities at Murchison during the first quarter included the completion of the initial drill program was designed to validate the historical resource, increase the grade and geological continuity of the mineralization through infill drilling, test for resource extensions and define further exploration targets. The initial program consisted of 102 RC drill holes for 9,340m at Alliance and New Alliance. This work will contribute to the current suite of technical studies on the project to provide the basis for a commercial outcome within an eighteen month time frame from acquisition. A program of 6 PQ diamond drill holes was also planned across varying grades within the deposit to test metallurgical recoveries and aid in process flow designs for the Burnakura CIL/CIP plant for more efficient outcomes. The first round of drill results were announced on August 28, 2014 and the second round of drill results were announced on November 18, 2014. During the first quarter, the Company also commenced drilling on the Federal City program which consists of 63 RC drill holes for a total 4,058m. The Company incurred \$0.34 million (Q1 fiscal 2014: \$nil) on drilling activities at the Murchison Project for the first quarter of fiscal 2015.

### Development Outlook

Production from a heap leach operation is the first priority from potentially both Burnakura and Gabanintha locations. Preliminary engineering for a 2,000,000t pad has been carried out and draft operating permits have been prepared in anticipation of filing applications with regulators. Equipment acquired from the project vendor includes an additional crushing plant to allow up to three-stage crushing, a mixer, agglomerator and stacker to enable stacking of material onto the pad. The production pad is planned to be located near present infrastructure at Burnakura.

This development outlook section is to the effect that a preliminary economic assessment has not been completed and there is no certainty the proposed operation will be economically viable. The information has been compiled and reviewed by Darryl Mapleson (BSc (Hons), FAusIMM) who is a qualified Geologist retained by Monument Mining Limited and is a Qualified Person as defined by JORC guidelines and NI43-101. He has been working in Australia for Monument as an independent consultant.

### Resource confirmation

Historical resource estimates are currently under review by independent consultants. In the first quarter, the complete database of both historical and current drilling was checked and validated for consistency. This is now being held in a secure SQL database server with current drill data being validated and input as it becomes available. Independent consultants have also reviewed the QAQC procedures and quality control data undertaken during the current drilling programs and consider at this stage that the veracity of the data is appropriate for the purposes of mineral resource estimation. A mineral resource estimate for the Alliance and New Alliance deposits will be completed on finalisation of the outstanding assays from the initial drill program. An aerial survey over the Burnakura and Gabanintha mining leases was also performed, which includes aerial photography and detailed contours, to assist with resource and mine planning studies. The Company incurred \$0.23 million (Q1 fiscal 2014: \$nil) on geological and mine modelling activities at the Murchison Project for the first quarter of fiscal 2015.

### Metallurgical test work

Review of metallurgical test work data was undertaken in the first quarter by independent metallurgical and engineering consultants for a high level modelling study of the Burnakura plant crushing circuit. This work will indicate the validity of adding a Tertiary Crushing circuit to the current plant to increase the throughput rate and improve the ball mill feed size. In addition, the work has analysed the ball mill throughput rates. A preliminary crushing circuit layout has been designed to integrate a potential heap leach facility using existing equipment, with a new tertiary crusher into a circuit that can feed both heap leach and the ball mill processing operations.

An initial site inspection of the Burnakura plant was completed by the independent metallurgical and engineering consultants to inspect the asset from a re-commissioning perspective and review the crushing for the proposed heap leach plan. A plant preservation plan has been proposed, and the Company intends to implement this in the short term. This work will tie in with an analysis of the proposed heap leach facility and current existing equipment. The Company incurred \$0.23 million (Q1 fiscal 2014: \$nil) on assay and metallurgical activities at the Murchison Project for the first quarter of fiscal 2015.

### Environmental study

Environmental permitting by independent consultants has been ongoing with two Programs of Work applications recently granted for drilling activities at additional deposits. Future permitting will include approvals to drill at Gabanintha and NOA deposits. Permits and

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environmental study requirements are currently being reviewed for the potential installation of a heap leach facility at Burnakura, and a review of the permits for the future tailings facility has been undertaken. The Company incurred \$0.02 million (Q1 fiscal 2014: \$nil) on environmental activities at the Murchison Project for the first quarter of fiscal 2015.

### Site maintenance

Since the acquisition of the Murchison Project, the Company has ensured that the plant and fixed assets are being kept in good care and maintenance order with a view to future commissioning. Site operations are fully functional for the needs of exploration with supply chain logistics firmly in place. All safety policies and procedures have been implemented at the site operations, as required by the Department of Mines and Petroleum in Western Australia. The Company incurred \$0.59 million (Q1 fiscal 2014: \$nil) on site activities at the Murchison Project for the first quarter of fiscal 2015.

### 3. FINANCIAL RESULTS

#### 3.1 Summary

**Figure 10: Balance Sheet Extract**

BALANCE SHEET (in thousands of US dollars)	30-Sep-14	30-Jun-14	30-Jun-13
	\$	\$	\$
Current assets	46,101	43,171	74,356
Non-current assets	206,244	207,294	168,197
<b>Total assets</b>	<b>252,345</b>	<b>250,465</b>	<b>242,553</b>
Current liabilities	8,929	6,123	12,941
Non-current liabilities	14,261	16,723	10,018
Equity attributable to shareholders	229,155	227,619	219,594
<b>Total liabilities and shareholders' equity</b>	<b>252,345</b>	<b>250,465</b>	<b>242,553</b>
<b>Working capital</b> excluding derivative liabilities	<b>37,185</b>	<b>37,048</b>	<b>61,415</b>

**Figure 11: Operating highlights**

	Fiscal 2013			Fiscal 2014			Fiscal 2015	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues (000's)	19,640	20,325	30,506	16,002	8,340	12,094	12,147	8,179
<i>Average gold price</i>								
London Fix PM (per ounce)	1,723	1,632	1,414	1,326	1,276	1,293	1,288	1,282
Monument realized (per ounce)	1,730	1,626	1,419	1,308	1,287	1,266	1,292	1,298
Net earnings before other income attributable to common shareholders (000's)	10,268	9,951	14,937	2,657	899	1,231	2,094	1,201
Earnings per share before other income:								
- Basic	0.05	0.04	0.05	0.01	0.00	0.00	0.01	0.00
- Diluted	0.05	0.04	0.05	0.01	0.00	0.00	0.01	0.00
Net earnings (loss) after other income and tax attributable to common shareholders (000's)	12,457	(5,513)	15,060	1,740	1,453	(915)	(4,909)	1,525
Earnings (loss) per share:								
- Basic <sup>(a)</sup>	0.06	(0.02)	0.05	0.01	0.01	(0.00)	(0.02)	0.01
- Diluted <sup>(b)</sup>	0.05	(0.02)	0.05	0.01	0.01	(0.00)	(0.02)	0.01

a) Q1 Fiscal 2014 restated earnings from \$2.494m, due to restatement of share-based compensation expense.

b) Q1 Fiscal 2014 restated earnings from \$1.577m, due to restatement of share-based compensation expense. 2013 restated from \$0.13.

The quarterly operating results of the Company are outlined for the past eight quarters in Figure 11 above. Revenues generated by the Company have fluctuated across the outlined period in line with prevailing market commodity prices and production volumes. Despite this fluctuation, the revenue base and corresponding metal sold has remained stable. Production from the Selinsing Gold mine will continue to be the biggest impact on operating results in fiscal 2015.



## MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
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The overall operating results of the Company reflect its income from gold mining operations, on-going corporate business development, administrative costs and other income or expenses such as interest, fair value gains or losses on derivative liabilities and marketable securities and foreign exchange gains or losses. In a climate of challenging market conditions, the Company has continued measures to strengthen the Balance Sheet and provide a strong platform to pursue the primary business objectives. In comparison to the prior fiscal year, the Company has increased total assets by \$1.88 million for the first quarter ended September 30, 2014 to \$252.35 million (June 30, 2014: \$250.47 million), including an increase in working capital excluding derivative liabilities of \$0.14 million to \$37.19 million.

For the first quarter, net income was \$1.53 million, or \$0.01 per share (basic) in line with the corresponding period last year of \$1.74 million or \$0.01 per share (basic). The decrease in earnings quarter over quarter is primarily due to a decrease of gross margin, offset by an 81% reduction in corporate costs from \$4.6 million in Q1 fiscal 2014 to \$0.90 million for the reported quarter.

The net income before other income (loss) and before taxes attributable to shareholders was \$1.20 million (\$0.00 per share) for the first quarter in comparison to \$2.66 million (\$0.01 per share) for the corresponding period last year.

### 3.2 Operating Results: Sales and Production Costs

#### Sales

Gold sales generated \$8.18 million for the quarter compared to \$16.00 million in the corresponding period last year. The revenue comprised of 6,300oz of gold sold (Q1 fiscal 2014: 12,238oz) for the quarter and at September 30, 2014, the Company had gold inventory on hand of 3,482oz. The decrease in revenue was mainly due to the lower average realized gold price of \$1,298 per ounce (Average London Fix PM: \$1,282 per ounce) for the first quarter of fiscal 2015 compared to \$1,308 per ounce from the same period of fiscal 2014 (Average London Fix PM: \$1,326 per ounce), and timing of gold sales and outturn. The price of gold is a significant factor affecting the Company's profitability and operating cash flows.

#### Production Costs

The cash cost per ounce of gold sold in the first quarter was \$699 per ounce, compared to \$503 per ounce for the corresponding period last year. The increase resulted primarily from higher mining and processing costs on a per ounce basis. Operating costs have increased due to the location of ore and processing increasingly higher quantities of lower grade mill feed containing leachable sulphide or transition ore. A breakdown and further analysis of the cash cost components is provided below, including a historical graphical summary demonstrating the breakdown by quarter. In accordance with IFRS and internal policy, the Company has capitalized costs associated with capital stripping costs incurred during the quarter. Accordingly, these costs do not impact mining costs per ounce.

Figure 12: Cash margin

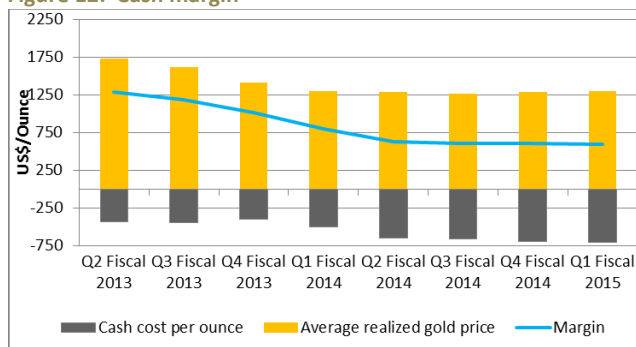
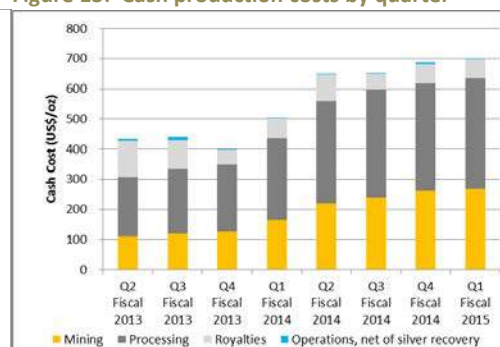


Figure 13: Cash production costs by quarter



## MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
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**Figure 14: Cash production costs**

	Three months ended	
	30-Sep-14	30-Sep-13
<b>Cash cost breakdown</b>	US\$/oz	US\$/oz
Mining	267	166
Processing	368	271
Royalties	63	65
Operations, net of silver recovery	1	1
<b>Total cash cost</b>	<b>699</b>	<b>503</b>
<b>Reconciliation of Non-GAAP measure</b>	US\$'000	US\$'000
Production costs per unaudited condensed consolidated interim financial statements	6,117	8,669
Less: Non-cash expenditure, depreciation & amortization	(1,709)	(2,510)
Total production cash costs	4,408	6,159
Divided by ounces of gold sold (oz)	6,300	12,238
<b>Total cash cost (US\$/oz)</b>	<b>699</b>	<b>503</b>

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

### Mining

Mining costs per ounce for the first quarter were \$267 per ounce, up from \$166 per ounce in the corresponding period last year. On a per tonne basis mining costs were higher due to longer distances now required for hauling. In addition, drill and blast costs were also higher due to mining harder sulphide ore and deeper drilling at Selinsing.

**Figure 15: Mine operating metrics (before capital allocation)**

	Unit	Three months ended	
		30-Sep-14	30-Sep-13
<b>Mining</b>			
Ore mined	Tonnes	74,384	150,185
Waste removed	Tonnes	737,224	1,373,202
Stripping ratio	Waste:Ore	9.91	9.14
Ore stockpiled	Tonnes	411,128	890,495

### Processing

Processing costs per ounce for the quarter were \$368 per ounce, up from \$271 per ounce in the corresponding period last year. The increase is mainly due to processing higher quantities of lower grade mill feed containing leachable sulphide or transition ore and the higher costs for consumables. For the first quarter, average mill feed grade was 1.65g/t, compared to the 1.56g/t in the corresponding period last year, a 6% increase quarter over quarter. Processing recovery rate in also increased to 84.4% from 79.7% quarter over quarter, as a result of the higher grade mill feed.

### Royalties

The Company pays royalties to the Malaysian Government based upon 5% of the market value of gold produced and an additional 2% to the PKNP (Pahang State Development Corporation) for gold produced from the Buffalo Reef ore. For the first quarter, royalties paid per ounce was \$63 compared to \$65 paid for the corresponding period last year. The decrease in royalties paid per ounce quarter over quarter was mainly due to lower average gold spot prices, less ore from Buffalo Reef, the amount of gold sold in the current period, as well as timing and quantity of gold outturn.

### Non-cash costs

Non-cash production expenses included depreciation and amortization of \$1.62 million for the first quarter (Q1 fiscal 2014: \$2.48 million) and accretion of asset retirement obligations in the amount of \$0.05 million for the quarter (Q1 fiscal 2014: \$0.03 million). The decrease in total non-cash production expenses is due to the decrease in gold sold, resulting in a lower charge from inventory in the relevant period.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
(in United States dollars, except where noted)

### 3.3 Corporate general and administrative

Figure 16: Corporate Costs

	Three months ended	
	September 30, 2014	September 30, 2013
	\$	\$
General and administration	489	672
Stock-based compensation	6	3,354
Legal, accounting and audit	247	389
Shareholder communications	55	28
Travel	66	149
Regulatory compliance and filing	-	18
Project investigation	-	37
Amortization	36	28
<b>Total corporate costs</b>	<b>899</b>	<b>4,675</b>

Corporate expenses of \$0.90 million were incurred for the first quarter of fiscal 2015 (Q1 fiscal 2014: \$4.68 million). Corporate expenditure for the quarter was 81% lower than the corresponding period last year. Corporate expenditure for the quarter included travel expenditure of \$0.07 million (Q1 fiscal 2014: \$0.15 million) and amortization of \$0.04 million (Q1 fiscal 2014: \$0.03 million). General and administration costs were 27% lower quarter over quarter, primarily due to a 28% decrease in salaries and wages expenses of \$0.39 million for first quarter (Q1 fiscal 2014: \$0.54 million). Stock-based compensation decreased by \$3.35 million to \$0.01 million in the first quarter from \$3.35 million in the corresponding period last year, due to the prior issuance of stock options. Legal, accounting and audit expenses decreased 37% to \$0.25 million for the first quarter from \$0.39 million for the corresponding period last year.

### 3.4 Other income (loss)

Income from other items for the first quarter was \$0.36 million, a positive change of \$1.00 million compared to the other loss of \$0.64 million for the corresponding period last year. The primary reason for the positive result for the first quarter was foreign exchange gain of \$0.43 million (Q1 fiscal 2014: loss of \$1.12 million), mainly driven by fluctuations in the US dollar and the Malaysian Ringgit. This was offset by a first quarter loss of \$0.25 million (Q1 first 2014: \$nil) due to changes in the fair value of marketable securities.

The Company re-measures the fair value of the foreign currency denominated share purchase warrants at each reporting date using the Black-Scholes option pricing model and translates it into US dollars using the exchange rates at the reporting date. A gain of \$0.08 million (Q1 fiscal 2014: gain of \$0.27 million) was recorded for the first quarter of fiscal 2015 due to the change in fair value of foreign currency share purchase warrants, which is mainly driven by the share price of the Company.

The Company earned interest income of \$0.04 million in the first quarter (Q1 fiscal 2014: \$0.21 million).

## 4. LIQUIDITY AND FINANCIAL CONDITION

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

The Company's cash and cash equivalents, including the restricted cash balance as at September 30, 2014 was \$21.28 million, a decrease of \$20.46 million from the balance held at September 30, 2013 of \$41.74 million.

- For the first quarter, cash in the amount of \$1.65 million was generated from operations (Q1 fiscal 2014: \$4.35 million);
- For the first quarter, \$0.08 million of cash was used in financing activities (Q1 fiscal 2014: \$0.00 million); and
- For the first quarter, \$5.03 million of cash was spent on investing activities for development costs, acquisition of property, plant and equipment acquisitions and construction (Q1 fiscal 2014: \$4.54 million).

The cash outflow from financing activities for the first quarter consisted of finance lease payments of \$0.08 million for equipment related to the on-site SGS laboratory at Mengapur. The related equipment has been capitalized and is being amortized using the straight-line method over the three year lease term. The finance lease payments for the corresponding period last year was \$0.00 million related to site vehicles.

As at September 30, 2014, the Company has loans receivable of \$6.40 million (September 30, 2013: \$6.60 million) from Veris through its subsidiary Queenstake Resources USA, Ltd. (refer to Note 8), net of accounts payable of \$0.66 million to Veris. An impairment provision of \$6.46 million was recognized against earnings due to Veris filing for protection under CCAA on June 9, 2014. During the first quarter, accounts payable due to Veris increased by \$0.06 million and has been recognized as an impairment recovery through earnings.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
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Significant investing activities for the first quarter of fiscal 2015 included exploration and evaluation activities totaling an outflow of \$3.35 million (Q1 fiscal 2014: \$3.14 million) and capital expenditures on property, plant and equipment ("PPE") of \$0.36 million (Q1 fiscal 2014: \$1.85 million). The expenditure on exploration and evaluation assets was mainly incurred at the Murchison Project in Australia and Buffalo Reef in Malaysia for the first quarter. The expenditure on PPE was mainly incurred for the iron oxide beneficiation plant at the Mengapur Project. During the quarter, the Company also spent \$0.11 million (Q1 fiscal 2014: \$nil) on reclamation work related to Mengapur asset retirement obligations.

During the first quarter, the Company incurred technical, legal and other due diligence costs of \$0.11 million (Q1 fiscal 2014: \$nil) in relation to the Tenement Purchase Agreement with Phosphate Australia Limited ("POZ") for the acquisition of the Tuckanarra Gold Project announced August 20, 2014 and completed on November 12, 2014.

During the first quarter, the Company incurred technical, legal and other due diligence costs of \$0.15 million (Q1 2014: \$nil) in relation to the Proposed Transaction that was announced on September 4, 2014 pursuant to the Heads of Agreement entered in to by Monument and Gascoyne. The Proposed Transaction includes the acquisition by Monument of a 50% interests in each of three properties: Dalgara, Glenburgh and Mt. Egerton by way of joint venture arrangements; and a "part and parcel" private placement financing integral to the Gascoyne JV Properties Acquisition to fund exploration and development of the acquired properties. The proposed transaction also includes Gascoyne Private Placements that allows both parties to the transaction to have cross shareholding interests up to 19.6% of each other.

To initiate the Proposed Transaction, Monument completed the first private placement on September 4, 2014 by investing \$0.94 million in Gascoyne for 4,000,000 GCY ordinary shares at a deemed share price of AUD\$0.25 as a part of the commitment pursuant to the Heads of Agreement. This investment has enabled Gascoyne to continue its current exploration work on the JV properties while both parties conduct and complete the due diligence on the Gascoyne JV properties acquisition and part and parcel private placement transaction.

As at September 30, 2014, the Company had positive working capital of \$37.19 million compared to \$64.00 million as at September 30, 2013. The decrease of \$28.31 million was mainly the result of investing activities carried out by the Company to expand the mineral base and project pipeline.

### 5. CAPITAL RESOURCES

The Company's capital resources as at September 30, 2014 included cash and cash equivalents. The Company's primary sources of funding are equity financing through the issuance of stock, debt financing and cash flow generated from the sale of gold. The Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development, acquisitions, capital asset upgrades and working capital.

On November 12, 2014 subsequent to the first quarter, the Company announced the completed acquisition of a 100% interest in the Tuckanarra Gold Project through its 100% owned subsidiary Monument Murchison Pty Ltd consisting of two exploration licenses, six prospecting licenses, and a mining lease covering a total of 416km<sup>2</sup> in the Murchison Mining District in Western Australia and containing historical indicated and inferred JORC compliant resources as previously disclosed in the Company's news release dated August 28, 2014. There are no private royalty encumbrances. As consideration for acquiring Tuckanarra Gold Project, the Company paid to POZ the total sum of AUD\$2.00 million in cash and issued to POZ 10,000,000 Monument common shares at a deemed issue price of CAD\$0.25 per share, which shares are subject to a statutory hold period expiring four months and a day from the date of issue.

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

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

The overall financial condition of the Company remains consistent with the Company's financial condition as at September 30, 2014, being the date nearest the most recently completed financial year-end. However, the investing activities outlined above have resulted in reduced cash reserves and working capital which may impact the financial condition in future. Economic and industry factors pertaining to the Company remain substantially unchanged.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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Figure 17: Commitment and Contingencies (000's)

	2014	2015	2016	2017	2018	Total
	\$	\$	\$	\$	\$	\$
Operating leases	144	94	72	4	-	314
Purchase commitments	1,915	-	-	-	-	1,915
Mineral property fees	182	172	171	167	160	852
<b>Total</b>	<b>2,241</b>	<b>266</b>	<b>243</b>	<b>171</b>	<b>160</b>	<b>3,081</b>

Operating leases are for premises and vehicle lease. Purchase commitments are primarily for mining operations.

Of the total commitments outlined above in Figure 17, \$0.30 million pertains to commitments for capital expenditure to purchase sustaining capital for mining operations at Selinsing and \$0.76 million pertains to commitments for construction in progress at the Mengapur project. The expenditure is funded from general working capital provided from ongoing operations at Selinsing Gold Mine.

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

### 6. OFF BALANCE SHEET ARRANGEMENTS

None.

### 7. TRANSACTIONS WITH RELATED PARTIES

Refer to note 24 of the unaudited condensed consolidated interim financial statements as at September 30, 2014.

### 8. SUBSEQUENT EVENTS

Refer to note 28 of the unaudited condensed consolidated interim financial statements as at September 30, 2014.

### 9. CRITICAL ACCOUNTING ESTIMATES

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

### 10. CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

Refer to note 3 of the unaudited condensed consolidated interim financial statements as at September 30, 2014.

### 11. FINANCIAL INSTRUMENTS – RISK EXPOSURE AND OTHER INSTRUMENTS

The Company's financial instruments are classified as loans and receivables (cash and cash equivalents and trade and other receivables), financial assets at fair value through profit or loss (FVTPL) (derivative financial instruments and marketable securities) other financial liabilities (trade and other payables) and the financial liabilities at fair value through profit or loss (FVTPL) (gold forward contract and derivative financial instruments). Refer to the unaudited condensed consolidated interim financial statements as at September 30, 2014, for the details of the financial statement classification and amounts of income, expenses, gains and losses associated with the relevant instruments. Details provided include a discussion of the significant assumptions made in determining the fair value of financial instruments. The Company's financial instruments are exposed to certain financial risks, including market risk, credit risk, and liquidity risk as outlined below.

#### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: foreign currency risk, price risk and interest rate risk. The Company mitigates market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

#### **Foreign Currency risk**

The Company is exposed to foreign currency risk to the extent financial instruments held by the Company are not denominated in US dollars. The Company operates in Canada, Australia and Malaysia whereby operations sell commodities and incur costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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Exposure to the Canadian dollar is through corporate administration costs. The Company has exposure to the Australian dollar through the Company's Australian operations. The Company has exposure to the Malaysian Ringgit through the Company's Malaysian operations. The Malaysian Ringgit weakened slightly during the quarter compared with the USD and CAD. A weaker Malaysian Ringgit reduces costs in US dollar terms at the Company's Malaysian operations.

In addition, the Company is exposed to currency risk through assets and liabilities denominated in currencies other than the US dollar. The foreign currency share purchase warrants contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged any of its currency risks. The derivative components associated with foreign currency fluctuations are fair valued at each period and gains or losses are recorded to its income.

Based on the above net exposures as at September 30, 2014 and assuming that all other variables remain constant, a 5% depreciation or appreciation of the RM against the US dollar would result in an increase/decrease of approximately \$0.14 million (September 30, 2013: \$0.13 million) in the Company's net income, a 5% depreciation or appreciation of the CAD against US dollar would result in an increase/decrease of approximately \$0.25 million (September 30, 2013: increase/decrease \$0.15 million) in net income and a 5% depreciation or appreciation of the AUD against the US dollar would result in an increase/decrease of approximately \$0.06 million (September 30, 2013: \$0.02 million) in net income.

Figure 18: Average Monthly CAD to USD Exchange Rates

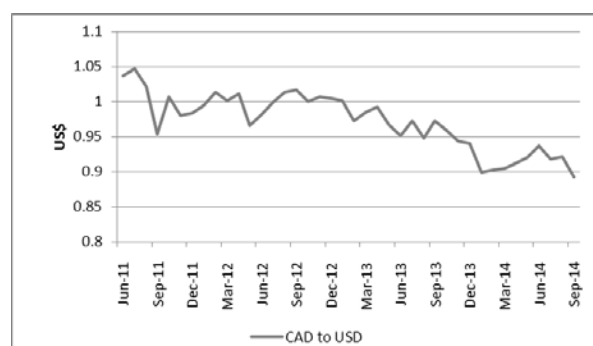
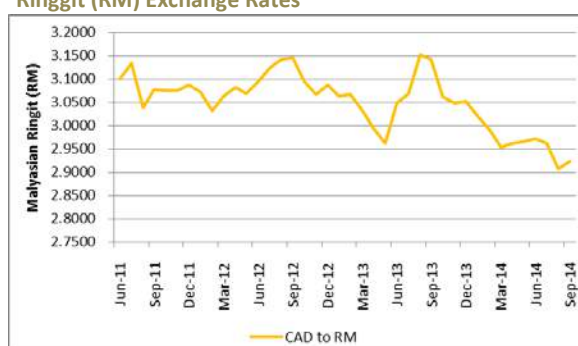


Figure 19: Average Monthly CAD to Malaysian Ringgit (RM) Exchange Rates



### Commodity price risk

For the quarter ended September 30, 2014, the Company's revenues and cash flows were impacted by gold prices in the range of \$1,214 to \$1,340 per ounce. The Company has not hedged its exposure to commodity fluctuations.

As at September 30, 2014 and assuming that all other variables remain constant, a 5% increase/decrease in the gold market price would result in no change to unrealized fair value loss/income (September 30, 2013: \$nil) in the Company's net income.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are reinvested at lower interest rates. The converse situation will have a positive impact on interest income.

To limit interest rate risk, the Company uses a restrictive investment policy. The fair value of the investments of financial instruments included in cash and cash equivalents is relatively unaffected by changes in short-term interest rates. The investments are generally held to maturity and changes in short-term interest rates do not have a material effect on the Company's operations.

### Credit risk

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents (Note 4). The amount of \$1.70 million (September 30, 2013: \$4.02 million) is held with a Malaysian financial institution, \$0.12 million (September 30, 2013: \$0.31 million) with an Australian financial institution and \$19.50 million (September 30, 2013: \$37.41 million) is held with a Canadian financial institution. In addition, the Company is exposed to credit risk with respect to the loan owing by Veris Gold Corporation for \$6.40 million (September 30, 2013: \$6.60 million), net of accounts payable due to Veris, which the Company is actively pursuing for recovery. To mitigate exposure to credit risk, the Company has established policies to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable credit worthiness, and to ensure liquidity of available funds.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through effective management of its capital structure, together with budgeting and forecasting cash flows to ensure it has



## MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended September 30, 2014  
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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.

### 12. OUTSTANDING SHARE DATA

The following details the share capital structure as at November 28, 2014, the date of this MD&A.

Figure 20: Share capital structure

Common Shares	Quantity
Issued and outstanding	310,218,030
	<b>310,218,030</b>

Stock options	Exercise Price	Expiry date	Quantity
	CAD\$0.30	10-Jun-15	500,000
	CAD\$0.42	29-Sep-15	3,000,000
	CAD\$0.68	27-Jan-16	20,000
	CAD\$0.61	29-Aug-16	150,000
	CAD\$0.42	11-Jan-17	1,000,000
	CAD\$0.45	07-Mar-17	180,000
	CAD\$0.455	09-Oct-17	500,000
	CAD\$0.33	04-Sep-18	350,000
	CAD\$0.33	04-Sep-23	13,445,501
			<b>19,145,501</b>

Agent options	Exercise Price	Expiry date	Quantity
	CAD\$0.50	12-Feb-15	2,100,000
	CAD\$0.50	06-Mar-15	1,015,000
			<b>3,115,000</b>

Share purchase warrants	Exercise Price	Expiry date	Quantity
	CAD\$0.50	11-Aug-15	25,000,000
			<b>25,000,000</b>

### 13. RISKS AND UNCERTAINTIES

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

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

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

## MANAGEMENT'S DISCUSSION & ANALYSIS

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

### Title to mineral property interests

Although the Company has taken steps to verify the title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to administrative delays common in Malaysia, unregistered prior agreements or transfers and title may be affected by undetected defect. To the best of the Company's knowledge, title to its properties is in good standing except that a prospecting exploration permit previously held by SDSB expired on September 23, 2012 and the application for renewal was submitted to the authority in compliance with the Malaysian Mining Enactment 2001 and applications for several mining leases over the prospecting permit were also registered.

### Realization of assets

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

### Reserves and resource estimates

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

### Profitability from Production

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

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

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

### Environmental

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

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

### Additional funding for building project pipelines

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

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### Foreign Operations

The Company's properties are located in Malaysia, South-East Asia. Malaysia had a history of tin mines and currently has some gold mine operations within the central gold belt in Pahang State. In 2010, the increase in revenue from gold mine operations has brought mining to the government's attention. The Company has historically received strong support from the local, state and federal governments for its gold mine development and operation. However, the political risk is considered external and not at the control of the Company.

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

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

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

### 14. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

#### Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of September 30, 2014 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.

### 15. NON-GAAP PERFORMANCE MEASURES

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

### 16. CAUTION ON FORWARD LOOKING STATEMENTS

*All statements, other than statements of historical fact, contained or incorporated by reference in this Management's Discussion and Analysis, but not limited to, any information as to the future financial or operating performance of Monument, constitute "forward-looking information" or "forward-looking statements" within the meaning of certain securities laws, including the provisions of the Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this Management's Discussion and Analysis. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, estimates of construction, commissioning and production of the gold treatment plant at Selinsing Gold Mine Project; exploration results and budgets, mineral reserve and resource estimates; capital expenditures; strategic plans; proposed financing transactions, the timing and amount of estimated future production, costs of production, success of exploration, development and mining activities, permitting timelines, estimates of fair value of financial instruments, currency fluctuations, requirements for additional capital, government*

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regulation and permitting of mining operations and development projects, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "guidance", "targets", "models", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Monument as of the date of such statements, are inherently subject to significant business, political, economic and competitive uncertainties and contingencies. The estimates and assumptions of Monument contained or incorporated by reference in this Management's Discussion and Analysis, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (2) permitting, development, operations, expansion and acquisitions at Malaysia (including, without limitation, land acquisitions for and permitting and construction of new tailings facilities) being consistent with our current expectations; (3) development of the Phase III plant expansion on a basis consistent with Monument' current expectations; (4) the viability, permitting and exploration of Mengapur project being consistent with Monument' current expectations; (5) political developments in Malaysian jurisdiction in which the Company operates being consistent with its current expectations; (6) the exchange rate between the Canadian dollar, Malaysian ringgit, Australian dollar and the U.S. dollar being approximately consistent with current levels; (7) certain price assumptions for gold; (8) prices for natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (9) production and cost of sales forecasts for Selinsing operations meeting expectations; (10) the accuracy of current mineral reserve and mineral resource estimates for the Company and any entity in which it now or hereafter directly or indirectly holds an interest; (11) labour and materials costs increasing on a basis consistent with Monument' current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as diesel fuel and electricity); changes in interest rates that could impact the mark-to-market value of outstanding derivative instruments; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Malaysia or other countries in which the Company conducts business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; operating or technical difficulties in connection with mining or development activities; employee relations; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect, and could cause, Monument' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Monument. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this Management's Discussion and Analysis are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section. These factors are not intended to represent a complete list of the factors that could affect Monument. Monument disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

### **Other information**

Where we say "we", "us", "our", the "Company", or "Monument" in this Management's Discussion and Analysis, we mean Monument Mining Limited and/or one or more or all of its subsidiaries, as may be applicable. The technical information about the Company's material mineral properties contained in this Management's Discussion and Analysis has been prepared under the supervision of Snowden Mining Industry Consultants company who is a "qualified person" within the meaning of National Instrument 43-101.