MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended June 30, 2013
(in United States dollars, except where noted)

The following Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of September 30, 2013 should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2013 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").

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. Additional information relating to the Company's activities may be found on the Company's website at www.monumentmining.com and at www.sedar.com.

1. EXECUTIVE SUMMARY

1.1 Fiscal 2013 Highlights

- Gross Revenue from gold sales of $91.28 million (2012 - $61.71 million), of which $80.28 million related to 2013 production;
- Profit margin generated from gold production of $57.50 million (2012 - $46.50 million);
- Gold production for 2013 was 52,982 ounces ("oz"), 19% higher than the prior fiscal year;
- Conducted extensive exploration drill programs at Selinsing and Buffalo Reef to further delineate near-mine resources;
- Finalized access agreements and commenced exploration on targets adjacent to the Selinsing and Buffalo Reef properties;
- Completed a significant exploration drill program at the Mengapur Polymetallic Project in order to define the copper-bearing oxide and sulfide resources in accordance to NI 43-101 standards, as well as the enrichment zone;
- Lodged an updated NI 43-101 report covering the Selinsing and Buffalo Reef properties, providing an increased reserve estimate;
- Mining commenced at Buffalo Reef South in January 2013 and the oxide ore was processed at the Selinsing plant from March 2013;
- The Selinsing gold treatment facility expansion was placed into production in August 2013, increasing gold treatment capacity to 1,000,000 tonnes per annum ("tpa") from 400,000 tpa;
- Acquired the remaining 30% interest in the Mengapur Polymetallic Project resulting in 100% ownership of the project; and
- Executed a private placement during the year to raise C$22.25 million, which has provided the Company with a strong financial base to pursue primary business objectives.

1.2 Business Overview

Monument Mining Limited (TSX-V:MMY, FSE:D7Q1)("Monument" or "the Company") is an established Canadian gold producer and mining asset developer with production cash costs among the lowest in the world. The Company's 100% owned primary gold and polymetallic properties are located in Pahang State within the Central Gold Belt of western Malaysia. These properties include a pipeline of gold mineral properties comprising the Selinsing Gold Mine ("Selinsing"), the Buffalo Reef Property ("Buffalo Reef") and the Famehub properties ("Famehub"), and the Mengapur Polymetallic Project ("Mengapur") at the development stage.

Monument's primary business objective is to advance its mineral projects from exploration and development to production and to increase its assets through acquisition of prospective land or projects at an advanced development stage. The Company's longer-term goal is to be 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 330 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.

1.3 Review of Operations

Gold production at Selinsing continued to generate healthy cash flow throughout fiscal 2013. At the same time, management has maintained focus on steady growth in pursuing the following key strategies:

- Diversification of the mineral property portfolio through investment into targeted geographic regions;
- Delivering sustainable gold production through exploration to increase gold resources;
- Investment to upgrade the Company's mining infrastructure and study new technologies in order to treat sulfide ore materials at a reduced cost;
- Further advancement of Mengapur; and
- Develop human resource frame work and enhance operational excellence.

In addition to pursuing the significant development potential of Mengapur, Monument continues to produce gold at a low cash cost at Selinsing. Operating cash flow from Selinsing production is being utilized in the continued acquisition of mineral resources, to take advantage of under-valued mineral properties in the emerging mining market. In addition, cash flows are also invested in the development of the existing gold project portfolio, including continued exploration programs and Research and Development ("R&D") programs.

Acquisitions and Development

Monument has continued to search and identify targets for acquisition to strengthen its mineral property portfolio. During the second quarter of fiscal 2013, the Company acquired the remaining 30% of the shares of Monument Mengapur Sdn. Bhd. ("MMSB") from Malaco Mining Corporation ("Malaco"), the previous vendor of Mengapur for consideration of $23.46 million, comprised of $16 million in cash and $7.46 million allocated to the acquisition (from the $12 million legal settlement with Tulum). As a result of this acquisition, Monument now holds 100% of Mengapur.

Following the same successful approach used to bring Selinsing into low-cost production, Monument implemented its announced phased development plan to advance Mengapur to build downstream products where the cash flow can be generated from the initial phase and reinvested to the following phase(s) of development. Under this strategy in fiscal 2013, the development activities at Mengapur included further drilling, metallurgic test work, construction of an onsite core shack, laboratory and staff housing, refurbishing the existing flotation plant and other infrastructure to facilitate the mine development. As a result of these initiatives, Monument expects to deliver a NI43-101 compliant preliminary economic assessment in fiscal 2014. In parallel, work will continue to complete assay analysis on remaining samples and further progress the metallurgic test work with an aim to fast track the pit design and flotation plant engineering in order to produce copper concentrate. This is an interim production step to achieve early cash flow and initiate a preliminary prefeasibility study including engineering and planning of the main roaster and treatment plant.

Production

In fiscal 2013 Monument achieved its commercial objective of doubling the mill throughput. This achievement brings total tonnages (in tonnes) to 0.94 million from 0.36 million in fiscal 2012, following the completion of the new primary mill. As a result, total recovered gold from the Selinsing gold processing plant increased by 17% to 54,368oz in fiscal 2013 from 46,491oz in fiscal 2012. The throughput increase was partially offset by a combination of lower feed grade and recovery rates. Gold production, net of gold dorè in transit and refinery adjustment, was 52,982oz, defined as good delivery gold bullion according to London Bullion Market Association ("LBMA"), compared to 44,585oz for fiscal 2012.

The Company sold a total of 57,905oz of gold at an average realized price of $1,576 per ounce (Fiscal 2012 - $1,671/oz) during 2013. Of this total, 50,677oz of the gold sold was produced during fiscal 2013. Gross revenue generated was $91.28 million from the total sale of 57,905oz of gold, compared to $61.71 million from the sale of 36,938oz of gold in fiscal 2012. Cash cost per ounce increased to $400/oz in fiscal 2013 from $306/oz in fiscal 2012, as a result of higher mining and processing costs on a per ounce basis. This trend is expected to continue as the Company mines deeper and farther into the open pit, and processes increasingly higher quantities of lower grade mill feed that contains sulfide ore.

Exploration

During the year ended 30 June 2013, significant exploration activities were undertaken at Selinsing and Buffalo Reef in accordance with the planned fiscal 2013 exploration program. The total drill program at Selinsing and Buffalo Reef during 2013 consisted of 374 drill holes totaling 36,917 meters ("m") at Selinsing, Buffalo Reef and Federal Land Development Authority ("FELDA"), including 227 diamond drill holes for 27,515 m and 165 RC holes for 9,402 m. The Company awaits the processing of final drill samples gathered during the 2013 program to further interpret and compile results.

The initial drill program at Selinsing targeted additional oxide and sulfide mineralization adjacent to the existing pit development areas. The targets included the extension of known mineralization along strike north and south of the existing Selinsing pit, as well as testing the down dip mineralization extensions within and adjacent to the resource pit shells.

Results announced to the market in April 2013 from the Buffalo Reef area demonstrate that gold mineralization at the Buffalo Reef deposit continues at depth along several east-dipping structural zones. Intercepts from the program included 4.91 g/t gold over 14.3m and the results provided a strong range of targets for further assessment.

On April 30, 2013, the Company announced an updated NI43-101 technical report which included an increase in the proven and probable reserves at its 100% owned Selinsing gold mine and the adjacent Buffalo Reef property, to 223 koz of gold from 4,890 kilotonnes (kt) of material at a grade of 1.4 grams of gold per tonne (g/t). Further details of the technical report are provided in section 2.1.1.

During fiscal 2013 a significant drill program was also completed at Mengapur consisting of 147 diamond drill holes for 28,284 m and 69 RC holes (some as pre-collars to the diamond holes) for 5,174 m. The program at Mengapur has focused on the Mengapur Mine area, designed to better define the historical resources and reserves and conduct a NI43-101 compliant preliminary economic assessment using current economic parameters. The Company awaits the processing of drill samples gathered during the 2013 program to further interpret and compile results in fiscal 2014.

1.4 Corporate Activities

- On October 9, 2012, the Company announced that the iron ore dispute and all related issues at Mengapur had been resolved by entering into a harmonization Agreement among Phoenix lake Sdn Bhd ("PLSB"), ZCM Minerals Sdn Bhd ("ZCM"), and Monument's subsidiaries including MMSB and Cerman Aman Sdn Bhd ("CASB"). All related litigation was subsequently dropped, eliminating a significant source of uncertainty from Mengapur.
- During the third quarter, a brokered private placement was closed for gross proceeds of C$22.25 million by issuing 44,500,000 common shares at CAD$0.50 per share. The placement was priced at a 20% premium to market. The proceeds of the placement will be applied to fund development of Mengapur and general working capital.
- On January 17, 2013, the Company announced that it had become a 100% owner of Mengapur through purchasing the remaining 30% of the project from the previous owner.
- On February 15, 2013, the $7.65 million (CAD$8.00 million) convertible notes were fully converted to 20,000,000 common shares and 20,000,000 warrants of the Company under an early retirement of debt arrangement.
- On February 21, 2013, the Company announced that it has reached an agreement with GoldMet B.V. ("GoldMet") pursuant to which GoldMet confirmed that it no longer had concerns as previously expressed and had agreed to fully support Monument's management and present Board of Directors at the Annual General Meeting ("AGM") of shareholders held on March 28, 2013.
- On February 22, 2013, the Company announced that it had settled legal disagreements with Tulum Corporation by the payment of C$12 million, of which C$6 million was reinvested into the Company through the brokered private placement.
- On March 19, 2013, the Company announced that it had decided to abandon its interest in the Mersing Project located in Johor State, Malaysia and reserved the right to commence legal proceedings against Emas Kehidupan Sdn. Bhd. ("EK"), its shareholders, and the joint venture partners of EK with respect to the Earn-In Agreement for the Mersing Project.
- On March 28, 2013, the Monument shareholders at the AGM approved and ratified the Shareholder Rights Plan, the Advanced Notice By-Law and the 10% stock option plan. Grant Thornton LLP, Chartered Accountants were appointed as the auditor of the Company. All existing board members were re-elected at the AGM.
- On September 30, 2013, Veris Gold Corp. ("Veris") paid $0.45 million of the outstanding loan and accrued interest amounts, and agreed to register security before October 15, 2013, for the net unpaid amount. The security to be provided is a first priority claim against Veris' Ketza River property located in Yukon, Canada. Veris has further undertaken to pay all remaining balances on or before December 31, 2013.

2. PROJECT UPDATE

2.1 Gold Resources and Portfolio

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).

The 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 289 koz of gold from 6,307 kt of material at a grade of 1.4 g/t. The inferred resource at Selinsing and Buffalo Reef is an additional 48 koz of gold from 1,070 kt of material at a grade of 1.4 g/t. The tables below summarize the newly calculated reserves and resources by area and ore type.

(in United States dollars, except where noted)

Table 1: Selinsing and Buffalo Reef Mineral Reserves (August 31, 2012)

Area	Cutoff Grade	Proven			Probable			Proven + Probable		
Oxide Reserves	g/t	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Selinsing	0.30	-	-	-	6	0.6	0.1	6	0.6	0.1
Buffalo Reef South and Central	0.30	14	1.6	0.7	336	1.9	20.8	350	1.9	21.5
Buffalo Reef North	0.31	12	0.9	0.3	155	1.2	5.7	166	1.1	6.1
Stockpile	0.30	2,335	0.7	53.6	-	-	-	2,335	0.7	53.6
Total		**2,360**	**0.7**	**54.6**	**496**	**1.7**	**26.7**	**2,857**	**0.9**	**81.3**
Sulfide Reserves										
Selinsing	0.62	183	2.7	16.1	630	2.2	44.6	812	2.3	60.7
Buffalo Reef South and Central	0.65	59	2.3	4.3	1,008	2.1	69.5	1,068	2.2	73.8
Buffalo Reef North	0.66	4	1.5	0.2	130	1.5	6.1	133	1.5	6.3
Stockpile	0.62	20	1.3	0.8	-	-	-	20	1.3	0.8
Total		**266**	**2.5**	**21.4**	**1,768**	**2.1**	**120.2**	**2,034**	**2.2**	**141.7**
Total		**2,626**	**0.9**	**76.0**	**2,264**	**2.0**	**146.9**	**4,890**	**1.4**	**222.9**

Notes:

(1) The following parameters were used to determine the gold cutoff grade for each reserve area: Gold price $1,550 per ounce; metallurgical gold recoveries ranging from 85% to 87% for sulfide materials and 92% for oxide material; processing costs of $10.84/tonne for oxide and $22.99/tonne for sulfide 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 new 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.

Table 2: Selinsing and Buffalo Reef Measured and Indicated Mineral Resources, Including Reserves (August 31, 2012)

Area	Cutoff Grade	Measured			Indicated			Measured + Indicated		
Oxide Resources	g/t	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Selinsing	0.27	-	-	-	9	0.7	0.2	9	0.7	0.2
Buffalo Reef South and Central	0.28	14	1.6	0.7	373	1.8	21.9	386	1.8	22.6
Buffalo Reef North	0.28	12	0.8	0.3	207	1.1	7.4	219	1.1	7.7
Stockpile	0.27	2,335	0.7	53.6	-	-	-	2,335	0.7	53.6
Total		**2,361**	**0.7**	**54.6**	**588**	**1.6**	**29.5**	**2,949**	**0.9**	**84.1**
Sulfide Resources										
Selinsing	0.56	229	2.2	16.0	1,436	1.9	88.4	1,664	2.0	104.5
Buffalo Reef South and Central	0.59	60	2.3	4.3	1,283	2.0	81.6	1,343	2.0	86.0
Buffalo Reef North	0.60	13	1.3	0.6	317	1.3	13.5	331	1.3	14.0
Stockpile	0.56	20	1.3	0.8	-	-	-	20	1.3	0.8
Total		**322**	**2.1**	**21.7**	**3,036**	**1.9**	**183.6**	**3,358**	**1.9**	**205.3**
Total		**2,682**	**0.9**	**76.3**	**3,624**	**1.8**	**213.0**	**6,307**	**1.4**	**289.4**

(in United States dollars, except where noted)

Notes:
(1) The resource cutoff 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 sulfide 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.

Table 3: Selinsing and Buffalo Reef Inferred Mineral Resources (August 31, 2012)

Area	Cutoff Grade	Inferred		
	g/t	kt	g/t	koz
Oxide Resources				
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	-	-	-
Total		**268**	**1.2**	**10.0**
Sulfide Resources				
Selinsing	0.56	121	1.1	4.5
Buffalo Reef South and Central	0.59	632	1.6	31.9
Buffalo Reef North	0.60	48	1.1	1.7
Stockpile	0.56	-	-	-
Total		**801**	**1.5**	**38.0**
Total Inferred Resources		**1,070**	**1.4**	**48.0**

Notes:
(1) Similar resource tabulation methodologies described for Table 2 above apply to the resources in Table 3;
(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.

Production

The Phase III gold plant expansion was placed into commercial production during the first quarter of fiscal 2013 bringing production capacity from 400,000 tpa to approximately 1,000,000 tpa. The upgraded plant processed a total of 938,498 tonnes ("t") (including 162,435t from Buffalo Reef South during the year ended June 30, 2013 (2012 – 364,680), with gold recovery of 54,368oz (2012 – 46,491oz). Ore mined increased significantly in 2013 as the mining department ramped up production in order to meet new processing capacity. In line with expectations, the average ore head grade reduced from 4.24g/t in 2012 to 2.07g/t in 2013. Table 4 below illustrates gold production results on a consolidated basis including both the Selinsing and Buffalo Reef operations:

Table 4: Selinsing Gold Mine Production Results

Selinsing/Buffalo Reef		Q1 Fiscal 2013	Q2 Fiscal 2013	Q3 Fiscal 2013	Q4 Fiscal 2013	Fiscal 2013	Fiscal 2012
Operating results	Unit						
Ore mined	t	101,654	184,197	281,827	314,481	**882,159**	**501,881**
Waste removed	t	441,950	640,848	815,472	933,485	**2,831,755**	**2,770,491**
Stripping ratio		4.35	3.48	2.89	2.97	**3.21**	**5.52**
Ore stockpiled	t	801,871	786,550	858,998	947,794	**947,794**	**920,633**
Ore processed	t	224,643	209,626	236,184	268,045	**938,498**	**364,680**
Average ore head grade	g/t Au	1.98	2.88	1.72	1.83	**2.07**	**4.24**
Process recovery rate	%	85.6	89.1	87.0	85.6	**87.0**	**93.7**
Gold recovery	oz	12,240	17,289	11,354	13,485	**54,368**	**46,491**
Gold production	oz	10,906	15,902	13,255	12,919	**52,982**	**44,585**
Gold sold	oz	12,552	11,353	12,500	21,500	**57,905**	**36,938**
Financial results							
Gold sales (b)	US$'000	20,805	19,640	20,325	30,507	**91,276**	**61,709**
Per ounce data							
Cash cost per ounce(a)	US$/oz	333	435	440	399	**400**	**306**
Average London spot gold price	US$/oz	1,652	1,723	1,632	1,414	**1,606**	**1,673**
Average realized gold price	US$/oz	1,658	1,730	1,626	1,419	**1,576**	**1,671**

(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.

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

Development

Ore processed during the year included only oxide material and leachable sulfide material. A further plant expansion (Phase IV) is required in order to process refractory sulfide materials. The Phase IV expansion proposed in the NI 43-101 report includes the addition of a bio-leach circuit into the existing Carbon in leach ("CIL") plant which has a capital cost of approximately $45.8 million and provides a net present value ("NPV") of $10.7 million and a 21% rate of return.

Recent metallurgical test work indicates that flotation followed by bio-oxidation of the flotation concentrate and subsequent cyanidation produces the highest gold recovery for the Selinsing Deep and Buffalo Reef sulfide materials. A demonstration plant using this technology was estimated at a cost of $7 million with a twelve-month project delivery timeline if adopted to proceed.

Monument is currently reviewing this cost estimate together with alternative methods to implement the Phase IV plant expansion in order to significantly improve the economics of the project.

FELDA Land

Concurrent with the mine development and production, the Company 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 3920 acres of land. It is owned by the Federal Land Development Authority of Malaysia. 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 $0.14 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 mining lease at its sole discretion upon regulatory approval.

Exploration

During fiscal 2013 a total of 18,742 m in 142 drill holes were completed at Selinsing at a cost of $1.94 million. These drill holes were completed in the main development pits and targeted additional oxide and sulfide mineralization within and adjacent to the current resource design pits, and below the current design pit elevation (<400 m RL). The drilling consisted of 3,949 m of Reverse Circulation ("RC") drilling in 58 RC drill holes and 14,793 m of DD in 84 holes.

Drill samples are being 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. Coarse split RC drill hole duplicates are collected and analyzed.

The recent drill hole assay results indicate 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 new drill hole data will be used to construct an updated resource estimate to be completed in the near future. The announcement of 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.

In the year ended 30 June, 2013 routine safety inspections were conducted at all areas on the mine site and regular checks were made on fire extinguishers, first aid kits and safety showers. A landslide emergency drill was successfully completed in the Mining area with the co-operation and assistance from the relevant Government agencies.

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 in relation to its purported "Joint Venture Interest". Monument denies this alleged "Joint Venture Interest".

On February 26, 2013, the High Court in Shah Alam, Selangor, granted SMSB's application for a summary judgment against Monument and two of its subsidiaries, Able Return Sdn. Bhd. ("ARSB") and Selinsing Gold Mine Manager Sdn. Bhd. ("SGMM"). Monument appealed that decision to the Court of Appeal at Putra Jaya.

On July 8, 2013 the Court of Appeal at Putra Jaya allowed Monument's appeal and set aside the summary judgment. As a result of this decision, a trial will be conducted, in which Monument, ARSB and SGMM will be defending the SMSB claim. The Court of Appeal further ordered the matter to be heard by a judge other than the judge who had awarded the summary judgment in the first instance. The matter will now be set down for full trial in the Shah Alam High Court with a different judge in due course.

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.

Production

Commercial production of oxide reserves commenced at Buffalo Reef South in January 2013 and processing of these materials at the Selinsing plant commenced in March 2013. Total ore mined during the year ended June 30, 2013 was 254,571t and total ore processed was 162,435t. The oxide ore mined at Buffalo Reef South is sold under commercial terms to Able, the owner of the Selinsing processing plant. Production output results from the Selinsing gold mine are therefore consolidated with the Buffalo Reef operations.

Development

Permits to mine over several mining leases at Buffalo Reef were extended during the first quarter for a period of two years commencing May 2012. The permits cover the Buffalo Reef mineral resources, tailing storage facilities and the waste dump for Selinsing and Buffalo Reef operations. The site clearance and pre-stripping were undertaken for preparation of the first open pit at Buffalo Reef. During the first six months of fiscal 2013 mine development costs of $0.82 million were incurred in preparation for mining activities.

Exploration

The aim of the Buffalo Reef exploration program is to convert inferred resources to measured and indicated resources under NI 43-101 standards and to help facilitate the pit development. Metallurgical and recovery test work was also carried out on the Buffalo Reef mineralization as part of the recent drill program.

For the year ended June 30, 2013, as part of an additional exploration program, 116 DD holes totaling 11,268 m and 70 RC drill holes totaling 5,452 m were completed at Buffalo Reef for a total cost of $0.90 million. These drill holes targeted the conversion of inferred resources to indicated resources and also tested areas on the margins of the existing design pits, additional near-surface oxide opportunities, and gap zones with minimal existing information. Core logging, sample processing and assay analysis are in progress on these recently completed drill holes.

2.2 Mengapur Polymetallic Project

Background

Mengapur was historically owned by Malaysian Mining Corporation which defined the historical polymetallic resources in a full bankable feasibility study. The title of Mengapur was subsequently divided and distributed to different 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:

- On November 21, 2011 the Company acquired a 100% interest in SDSB for consideration of $3.14 million. SDSB holds an exploration permit covering a 750 hectare property in Pahang State, including a partial component of the Mengapur historical resources adjacent to the primary Mengapur Project.
- On February 16, 2012, the Company acquired a 70% interest in CASB for consideration of $60 million in cash plus 30% of the shares of MMSB. CASB holds a mining license covering a 185.1 hectare property in Pahang State, including Mengapur's primary historical mineral resources.
- On December 31, 2012, the Company acquired the remaining 30% interest in CASB for consideration of $23.46 million, comprised of $16 million in cash and $7.46 million allocated to the acquisition (from the $12 million legal settlement with Tulum).

As a result, the Company now owns a 100% interest in the Mengapur Polymetallic Project.

Resources

The Mengapur polymetallic deposit contains a historic Copper ("Cu"), Sulfur ("S"), Gold ("Au"), Silver ("Ag") oxide and sulfide resource from a previous drilling campaign conducted in the 1980's as previously reported in the Snowden report (January, 2012). The historic resource consisted of 224 million tonnes ("mt") averaging 0.597% Cu equivalent ("eqv") (6.54% S, 0.25% Cu, 0.16 g/t Au, and 8.86 g/t Ag) at a cutoff grade of 0.336% Cu eqv from Zones A, B, and C. An additional historic sulfide reserve from Zone A consists of 64.8 mt averaging 0.737% Cu eqv (8.63% S, 0.27% Cu, 0.21 g/t Au, and 2.59 g/t Ag) at the same 0.336% Cu eqv cutoff grade (Snowden, 2012). As outlined above, the Company has strongly advanced drilling activities to verify these historic resources and reserves and to advance them to NI 43-101 compliance.

Development

Monument is undertaking a phased development plan to advance the Mengapur project. The phased Mengapur development plan includes, among other things, further drilling, construction of an onsite laboratory, and construction of a new concentrate plant as well as a parallel processing plant with 5000t per day capacity. Combined with its planned overhaul of an existing onsite 1000t per day concentrate plant, Monument believes that there is potential at Mengapur to process up to 6000t per day of material to produce copper and precious metal concentrate. This is an interim production step to achieve early cash flow in parallel with completion of the preliminary economic assessment and pre-feasibility study thereafter, including engineering and planning of the main roaster and treatment plant.

Initial development work commenced at the Mengapur project during fiscal 2013. Key development work completed is outlined below:

<u>Camp</u>

Construction of additional housing accommodations was initiated by a local contractor in March 2013 with expected completion by October 2013. Site preparation has been completed and foundation construction commenced in late March 2013. Rain water drainage and sewage discharging systems for the houses have been built and completed. Total costs for the employee housing development is estimated to be $0.19 million. The completion of the additional housing will provide accommodation for managers and senior supervisors of Mengapur. As of June 30, 2013, the total existing camp capacity is 104 people.

On-Site Laboratories

An on-site assay laboratory was under construction during the current year to help support the ongoing exploration work. The on-site laboratory is crucial for the Company to expedite metallurgical testwork and sampling. An agreement between the Company and SGS Malaysia ("SGS"), an accredited lab that meets the requirements of MS ISO/IEC 17025, was finalized in January 2013. Under the agreement, SGS will manage and operate the on-site assay lab that will have capacity to process 2,000 samples a month upon completion. The assay lab will be constructed in three stages, with the first stage already completed in May 2013. This progress has allowed for acceleration of sample preparation (crushing and grinding). The second stage is being implemented and will enable the lab to handle fire assays, leco sulfur and other analysis. The third stage will be implemented two months after the second stage is completed and will include full use of the spectrometry equipment. The previously constructed core shed facility is being renovated to house the laboratory. Construction work for the renovation started in February 2013 and is progressing behind schedule due to construction delays. The total costs for the laboratory construction is estimated to be $0.21 million.

An internally operated metallurgical test laboratory was also proposed to be built at Mengapur for plant design and future operations testing. The estimated cost for the metallurgical lab construction is $0.12 million. Site preparation and foundation construction for the metallurgical test lab have been completed.

Refurbishment of Pilot Plant

Refurbishment of the existing Mengapur processing plant to process 1,000t of sulfide ore per day (Phase 1) started in March 2013. The refurbishment is planned as a pilot plant to process 30,000t of initial sulfide mineralization mill feed to produce a copper concentrate and magnetite product. Results of the pilot run and resulting flow chart and technical information will be used as the basis for the future commercial plant. The existing 4MW diesel generator power plant has been serviced and commissioned to supply power for the refurbishment and construction work. A new retaining wall and ramp for ROM bin has been built. The two conveyors at the primary ball mill feed have been refurbished with only minor work remaining. All existing flotation cells and motors have been cleaned and passed initial testing. Services and re-alignment of the primary ball mill and re-grinding mill have also been completed during the fiscal year.

The total estimated cost for the Pilot Plant refurbishment is $4.0 million and the project was 33% complete as of June 30, 2013.

Exploration

A total of 33,436 m in 147 drill holes were completed in fiscal 2013 at Mengapur during the year. The drilling program included 5,174 m of RC drilling and 28,262 m of DD.

The exploration program was split between the mining lease at CASB where 22,088 m in 96 drill holes was completed during the year and the prospective ground at SDSB where 11,369 m in 51 drill holes was completed. As of June 30, 2013, the Mengapur exploration drill program was approximately 75% complete with 24,812 m drilled in 104 drill holes. Three drill holes totaling 524m had also been conducted within the C Zone on the mining lease. All "Priority 1" drill holes at the A Zone necessary for possible inclusion in the upcoming NI 43-101 report at 60 to 80m drill hole spacing were completed by April 2013. The completed drill holes tested the entire mineralized zone at A and B zones. It also tested the historical resource and included the oxide zone, transitional (enrichment) zone and the sulfide zone. Two condemnation drill holes totaling 356 m were also completed in March 2013 in the area of the proposed Phase 2 plant. An additional ten drill holes (totaling 1,115 m) tested for gold enrichment in the oxidized materials. The Mengapur drilling program is being done to help support an updated NI 43-101 compliant resource to support design of the sulfide mining plan and to support metallurgical testing that will be used to design the processing facilities.

Mengapur drill hole samples continue to be submitted to SGS at their Port Klang (and other nearby) facilities. Additional drill hole assay submissions to other certified labs were temporarily stalled in early February 2013 for several months when the Malaysian government agencies requested the Company to acquire export permits. This action was a result of new government requirements.

Magnetic susceptibility determinations on drill hole pulps continue to be collected at site to help determine a magnetite (Fe) resource. Davis Tube samples are being collected on a smaller drill hole sample population to help determine a consistent relationship with the magnetic susceptibility data. Specific gravity samples continue to be collected on representative mineralization and alteration types to assist with the upcoming NI 43-101 resource estimation. A new core logging and storage facility is being constructed at the site since the on-site lab facilities required using a large portion of the existing facility.

The prospecting exploration permit of SDSB expired on September 23, 2012. The Company submitted an application of renewal in November 2011 to the State authority; it has 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 State authority in response to its applications.

ZCM and PLSB are currently mining for iron ore (magnetite) in oxide materials on the Mengapur mine site at an approximate rate of 12,000t per day. The recent "harmonization" agreement between PLSB/ZCM and MMSB, the exclusive operator of the lot 10210, has formed a base to allow ZCM to mine near-surface oxide ores and allow Monument to protect its mineral assets and continue developing access to the A Zone sulfide and transitional resources.

2.3 Famehub Properties

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. 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.

Exploration

In the 2012 fiscal year, field work was carried out at Famehub's Satak Serau (Panau) and Tekai prospects. A total of 1,082 trench samples, 9,255 soils samples, 163 stream samples and 148 grab/float samples were collected from the Panau and Tekai prospects. The Panau prospect has been identified as having the best potential for hosting near-surface oxide resources. An initial 10 drill hole exploration program totaling 1,450m and additional trenching and sampling has been planned at Panau to be conducted in the near future. No field activities were conducted during fiscal 2013 due to budget constraints and other work priorities.

2.4 Mersing Gold Project

On September 26, 2011 the Company entered into an Earn-In Agreement with a Malaysian company, EK and acquired 49% of the Mersing Project. The acquisition was conditional upon completion of a $2.00 million exploration program on the Mersing Gold Project within two-years. The Mersing Gold Project was held through mining certificate #1221 ("MC 1221") and included 256 hectares of prospective land, located approximately 30 kilometers north-west of Mersing Town in Jahore State, Malaysia.

On March 18, 2013, the Company announced that due to the uncertainties regarding the registration and renewal of the mining certificate for the 256 hectares of prospective land that comprise the Mersing Project, it has decided to abandon its interest in the Mersing Project and will not be completing any exploration activities on the project or pursue an earn-in of an interest in the project.

3. FINANCIAL RESULTS

3.1 Summary

Selected Financial Information

Table 5: Balance Sheet Extract

BALANCE SHEET (in thousands of US dollars)	June 30, 2013	June 30, 2012	June 30, 2011
Current assets	$ 74,356	$ 50,180	$ 68,327
Non-current assets	168,197	161,769	56,416
Total assets	242,553	211,949	124,743
Current liabilities	11,990	19,053	4,919
Non-current liabilities	10,969	22,389	38,808
Non-controlling interests	-	24,186	-
Equity attributable to shareholders	219,594	146,321	81,016
Total liabilities and shareholders' equity	242,553	211,949	124,743
Working capital excluding derivative liabilities	$ 62,366	$ 31,131	$ 63,407

Table 6: Operating highlights

	Fiscal 2012				Fiscal 2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenues (000's)	14,430	21,084	12,394	13,801	20,805	19,640	20,325	30,506
Average realized gold price (per ounce)	1,724	1,652	1,698	1,624	1,658	1,730	1,626	1,419
Average London spot gold price (per ounce)	1,702	1,688	1,691	1,609	1,652	1,723	1,632	1,414
Net earnings before other income attributable to common shareholders (000's)	9,925	14,780	8,431	7,394	13,229	10,268	9,951	14,937
Earnings per share before other income:								
- Basic	0.06	0.08	0.04	0.04	0.06	0.05	0.04	0.05
- Diluted	0.05	0.07	0.04	0.04	0.06	0.05	0.04	0.05
Net earnings after other income and tax Attributable to common shareholders (000's)	11,176	26,709	8,116	13,560	10,834	12,457	(5,513)	15,060
Earnings per share:								
- Basic	0.06	0.15	0.04	0.08	0.05	0.06	(0.02)	0.05
- Diluted (Q2 2012 restated from $0.13)	0.05	0.11	0.04	0.07	0.05	0.06	(0.02)	0.05

The 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 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. During 2013, the Company has increased total assets by $30.60 million to $242.55 million ($211.95 million in fiscal 2012), including an increase in working capital of $31.24 million to $62.37 million. In addition, through early negotiation with convertible note holders, the Company converted the outstanding convertible notes during the year resulting in a decrease in non-current liabilities.

For the year ended June 30, 2013, the net income attributable to shareholders was $32.84 million, or $0.14 per share (basic) compared to $59.56 million, or $0.33 per share (basic) in fiscal 2012. The $0.19 decrease in earnings per share in fiscal 2013 is mainly due to other income (loss) which attributed a negative $0.07 to earnings per share as compared to a positive contribution of $0.11 to earnings per share in fiscal 2012. The change in other income in fiscal 2013 versus 2012 was caused by losses on the early retirement of convertible notes, the buyout of gold inducement options in conjunction with the convertible note, impairment losses on tangible assets and a one-time legal settlement expense in 2013.

The net income before other income (loss) and before taxes attributable to shareholders was $48.39 million, or $0.21 per share for fiscal 2013 and $40.53 million, or $0.22 per share for fiscal 2012.

3.2 Operating Results: Sales and Production Costs

Sales

Gold sales generated $91.28 million (of which $80.28 million related to 2013 production) compared to $61.71 million in fiscal 2012. The increase in revenue was mainly due to the increase in produced gold sold for the year compared to fiscal 2012, partially offset by the decrease in the average realized gold price to $1,576 per ounce in fiscal 2013 from $1,671 per ounce in fiscal 2012. The average London spot price for fiscal 2013 was $1,606 ($1,673 –2012).

Production Costs

The cash cost per ounce of gold sold in fiscal 2013 was $400, compared to $306 per ounce in fiscal 2012. The cash cost is detailed as follows:

(in United States dollars, except where noted)

Table 7: Cash production costs

Cash cost (US$/oz) [1]	Q1 Fiscal 2013	Q2 Fiscal 2013	Q3 Fiscal 2013	Q4 Fiscal 2013	**Fiscal 2013**	**Fiscal 2012**
Mining	85	110	119	125	**112**	**54**
Processing	178	197	215	224	**207**	**140**
Royalties	72	120	96	49	**78**	**107**
Operations, net of silver recovery	(2)	8	10	1	**3**	**5**
Total cash cost (US$/oz)	**333**	**435**	**440**	**399**	**400**	**306**

[1] 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

For the year ended June 30, 2013, mining cost per ounce was $112, up from $54 in 2012. The increase was mainly due to a combination of lower head grades and rising costs. Contributing to the rising cost environment was the renewal of the mining contract effective July 2012, which resulted in approximately a 25% increase reflecting market adjustments. In addition, on a per tonne basis waste removal costs and ROM pad (super low grade ore) moving costs were 28% higher due to longer distances for hauling. Drill and blast costs per tonne were 26% higher due to mining harder sulfide ore and deeper drilling, which is required to reach the ore. Related to the drill and blast costs were fuel costs for drilling, which also increased year over year.

During Q1 2013, the Company also reclaimed approximately 200,000t of low grade ore. While the reclamation of low grade ore may not have a significant impact on mining cost per tonne, it has had an adverse effect on the cost per ounce of gold recovered. On a per ounce basis, cash costs for mining during fiscal 2013 were further increased due to lower feed grade and lower recovery compared to fiscal 2012.

Processing

Processing costs per ounce for the year ended June 30, 2013 was $207, up from $140 per ounce in fiscal 2012. The increase was mainly due to the decrease in average mill feed grade from 4.24 g/t in fiscal 2012 to 2.07 g/t in fiscal 2013, a 102% drop. In addition, the lower processing recovery rate of 87.0% compared to 93.7% in fiscal 2012 also had a negative impact. The decreased feed grade and recovery rate resulted from the mill processing a higher percentage of lower grade oxide ore and the addition of sulfide ore to the blend in the current fiscal year. The Company started processing sulfide ore, in addition to oxide ore in October 2012.

On a per tonne basis, average crushing costs and processing costs for fiscal 2013 were lower than that in fiscal 2012, as economies of scale were achieved through the expansion of the processing plant, completed in Q1 2013. Nonetheless, the savings from the enhanced efficiency were offset by the lower feed grade and the lower recovery rate, resulting in an overall upward trend of the processing costs per ounce of gold year over year.

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 fiscal 2013, royalties paid per ounce was $78 compared to $107 paid in 2012. The decrease in royalties paid per ounce year over year was mainly due lower gold prices, the amount of gold sold in current period, as well as timing and quantity of gold outturn.

Non-cash costs

Non-cash production expenses for the year ended June 30, 2013, included depreciation and amortization of $10.50 million (2012 - $3.80 million) and accretion of asset retirement obligations in the amount of $0.10 million (2012 - $0.11 million). The increase in non-cash production expenses is due to the higher capitalized costs as a result of the phase III plant expansion, the start of commercial production of Buffalo Reef in Q3 2013 and the higher tonnage of ore processed (938,498t –2013, 364,680t –2012).

3.3 Corporate general and administrative

Corporate expenses of $9.21 million were incurred during the year ended June 30, 2013 (2012 – $5.95 million). The higher corporate expenses are represented by an increase in office and general expenses of 92% to $0.75 million and office rent/utilities of 41% to $0.19 million. Legal, consulting and audit expenses increased 97% to $2.12 million from $1.08 million in the corresponding period, mainly due to legal fees spent on the private placements being withdrawn and legal fees incurred in negotiating the Mengapur Harmonization Agreement. Salaries and wages increased by 75% from the prior year to $4.37 million, due to a staff increase to accommodate the growth of the Company and director/employee bonuses incurred during the year.

3.4 Other income (loss)

Loss from other items for the year was $13.50 million, an adverse change of $32.53 million compared to the prior year other income of $19.03 million. The change was mainly due to non-recurring transactions. Significant components of other loss are discussed in further detail below.

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 $1.94 million (2012 – gain of $17.71 million) was recorded for the year ended June 30, 2013 which represents the primary variance with the prior financial year.

On February 15, 2013, the Company issued 20,000,000 common shares at an issue price of CAD$0.40 per share and 20,000,000 common share purchase warrants at an exercise price of CAD$0.50 per share to the convertible note holders under an early retirement arrangement with premium payment of CAD$6.50 million. Based on the fair market value of the consideration the note holders received under the early retirement arrangement, the Company recognized a loss of $6.96 million for the year ended June 30, 2013.

On February 17, 2013, the Company settled an outstanding legal disagreement with Tulum Corporation and its sole-shareholder, Mr. Francois Marland in the amount of $11.97 (CAD$ 12 million), of which $7.46 million was estimated by the Company to be associated with the acquisition of the remaining 30% of Mengapur interest. Tulum and Mr. Marland had claimed damages against the Company in connection with various matters, including the Company's cancellation of the proposed private placements to Tulum, which the Company had originally announced in 2011 and 2012. Under the terms of the settlement agreement, Mr. Francois Marland has reinvested CAD$6 million by purchasing 12 million shares through the Company's brokered private placement, giving his full support to the Company's management and the present Board of Directors for a period of 12 months from the date of the agreement and has released the Company and its directors and officers from any claims related to these matters.

An impairment loss of $3.84 million on tangible assets was recognized during fiscal 2013. The loss was comprised of $2.45 million from the write down of plant and equipment located at Selinsing and $1.39 million from the write-off of the Mersing Project which was abandoned by the Company as described above.

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, but excluding funds in escrow, as at June 30, 2013 was $41.93 million, an increase of $33.53 million from the balance held at June 30, 2012 of $8.4 million.

- For the year ended June 30, 2013, cash in the amount of $54.75 million was generated from operations (2012 – $43.27 million);
- For the year ended June 30, 2013, $20.21 million of cash was provided from financing activities (2012– $0.84 million); and
- For the year ended June 30, 2013, $52.43 million of cash was spent on investing activities for development costs, acquisition of property, plant and equipment acquisitions and construction (2012 – $73.87 million).

The cash inflow from financing activities for the current year consisted of $20.17 million from private placements and $12.51 million from the exercise of stock options and warrants. This inflow was offset by $6.45 million for early retirement of convertible notes and $6.01 million to buy out the gold inducement options.

Significant investing activities included exploration and evaluation activities totaling an outflow of $49.01 million and capital expenditures on property, plant and equipment of $3.44 million. The outflow on exploration and evaluation activities includes the final 30% acquisition of Mengapur for $16 million, the $11 million release of funds from escrow and the capitalization of $7.46 million related to legal settlement.

As at June 30, 2013, the Company had a positive working capital, after excluding derivative liabilities, of $62.37 million compared to $31.13 million as at June 30, 2012. The increase of $31.24 million was mainly the result of cash proceeds generated from operations and the private placements completed during the year, offset by investment and exploration in mineral properties.

5. CAPITAL RESOURCES

The Company's capital resources as at June 30, 2013 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.

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.

Exercise of Stock Purchase Warrants

During the year, $12.51 million was received through the exercise of stock purchase warrants and stock options of the Company. GoldMet, a Netherlands based company purchased 24,112,500 transferrable stock purchase warrants of Monument privately and exercised them at CAD$0.50 per share before the expiry date of July 21, 2012. The remaining balance of 43,212,500 stock purchase warrants expired on July 21, 2012.

Brokered Private Placement

During the third quarter of fiscal 2013 the Company closed a brokered private placement by two tranches:

- On February 12, 2013, the Company issued 30,000,000 common shares at an issue price of CAD$0.50 per share, for gross proceeds of CAD$15 million. The total cash commission for this issuance was CAD$1.05 million and 2,100,000 agent options, exercisable for a period of 24 months after closing, at the exercise price of CAD$0.50 per common share, were issued.
- On March 6, 2013, the Company issued 14,500,000 common shares at an issue price of CAD$0.50 per share, for gross proceeds of CAD$7.25 million. The total cash commission for this issuance was CAD$0.51 million and 1,015,000 agent options, exercisable for a period of 24 months after closing, at the exercise price of CAD$0.50 per common share, were issued. Total cash proceeds of these offerings, net of cash commissions and transaction costs, was $20.01 million.

The Company intends to use the net proceeds from these offerings for the initial development of the Mengapur Polymetallic Project, and for general corporate purposes.

Conversion of Convertible Notes

On February 15, 2013 the Company issued 20,000,000 Common Shares at an issue price of CAD$0.40 per common share and 20,000,000 common share purchase warrant exercisable at a price of CAD$0.50 per common share to the convertible note holders under an early retirement of convertible notes arrangement with premium payment of CAD$6.50 million. In addition to the premium payment, the terms of the agreement provided for the delivery of 2,857oz of gold to the Noteholders and a repurchase obligation on the issued Common shares at a price of CAD $0.40 for a period of thirty months. This obligation is currently disputable between a former Noteholder and the Company. The disputable clause pertains to the Company's agreement to repurchase 17,500,000 of the 20,000,000 converted shares, in light of an alleged fundamental breach of the early retirement agreement by one of the former Noteholders. Management has obtained legal advice that it has a supportable position that the Company does not have a liability related to this repurchase clause. The Company also bought the inducement gold options totaling 8,571oz from the Noteholders for CAD$6.05 million.

Table 8: Commitment and Contingencies (000's)

	2014	2015	2016	2017	2018	Total
Operating leases	$ 98	$ 3	$ -	$ -	$ -	$ 101
Purchase commitments	4,623	-	-	-	-	4,623
Mineral property fees	7	7	7	7	7	35
Total	$ 4,728	$ 10	$ 7	$ 7	$ 7	$ 4,759

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

6. OFF BALANCE SHEET ARRANGEMENTS

None.

(in United States dollars, except where noted)

7. TRANSACTIONS WITH RELATED PARTIES

Refer to note 26 of the audited consolidated financial statements as at June 30, 2013.

8. PROPOSED TRANSACTIONS

None.

9. FOURTH QUARTER REPORT (JUNE 2013)

9.1 Summary

The 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 foreign exchange gains or losses.

For the fourth quarter, the net income attributable to shareholders was $15.06 million, or $0.05 per share (basic) compared to $13.56 million, or $0.07 per share (basic) in the fourth quarter of fiscal 2012. The higher earnings in the current quarter are offset by an increased number of shares outstanding.

The net income before other income (loss) and before taxes attributable to shareholders was $14.94 million ($0.05 per share) for the fourth quarter of fiscal 2013 in comparison to $7.39 million ($0.04 per share) for the fourth quarter of fiscal 2012.

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

Sales

Gold sales generated $30.51 million from 21,500oz sold during the fourth quarter ("Q4") of fiscal 2013 compared to $13.80 million from 8,500oz sold in the fourth quarter of fiscal 2012. The increase in revenue was mainly due to the increase in ounces sold for the current quarter compared to the same quarter of fiscal 2012, partially offset by the decrease in the average realized gold price to $1,419 per ounce in Q4 2013 ($1,624 per ounce in Q4 2012). The average London spot price for Q4 2013 was $1,414 ($1,609 – Q4 2012).

The cash cost per ounce of gold sold in Q4 2013 was $399, compared to $316 per ounce in the corresponding period in fiscal 2012. A breakdown of the cash cost components is provided below:

Table 9: Cash production costs

	Three months ended June 30, 2012	Three months ended June 30, 2013
Cash cost [(1)] –	US$/oz	US$/oz
Mining	61	125
Processing	149	224
Royalties	97	49
Operations, net of silver recovery	9	1
Total cash cost	316	399

[(1)] 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.

Table 10: Mine Operating metrics

	Unit	Three months ended June 30, 2012	Three months ended June 30, 2013
Mining			
Ore mined	Tonnes	108,420	314,481
Waste removed	Tonnes	619,502	933,485
Stripping ratio		5.71	2.97
Ore stockpiled	Tonnes	920,633	947,794

Mining

Mining costs per ounce for Q4 2013 were $125, up from $61 per ounce in Q4 2012. This increase was mainly due to the renewal of the mining contract, effective July 2012, with a 25% rate increase reflecting market adjustments. In addition, on a per tonne basis waste removal costs and ROM pad (super low grade ore) moving costs were higher due to longer distances now required for hauling. Drill and blast costs were 60% higher due to mining harder sulfide ore and deeper drilling at Selinsing before ore can be reached, offset by lower cost free-digging areas at Buffalo Reef which required no blasting. On a per ounce basis, cash costs for mining in Q4 2013 were further increased due to lower head grades and lower recovery, as discussed below in the processing costs section, compared to the corresponding quarter of fiscal 2012.

Processing

Processing costs per ounce for Q4 2013 were $224, up from $149 per ounce in Q4 2012. The increase is mainly a result of processing lower grade oxide and sulfide ore in the current quarter. In Q4 2013 the average mill feed grade was 1.83 g/t, compared to the 3.87 g/t in Q4 2012, a 53% decrease quarter over quarter. Processing recovery rate in Q4 2013 reduced to 85.6% from 91.1% in Q4 2012, as a result of the lower grade and the sulfide content of the feed. The Company started processing sulfide ore in October 2012. On a per tonne basis, average crushing costs during Q4 2013 were lower than the corresponding quarter in 2012 due to efficiencies achieved through the plant expansion completed in Q1 2013. Processing costs per tonne also decreased as a result of the plant expansion that included lower labour, services and maintenance costs. Nevertheless, these cost savings were offset by the lower feed grade and recovery rates of the low grade oxide and sulfide ore, and resulted in higher processing costs per ounce quarter over quarter.

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 Q4 2013, royalties paid per ounce was $49 compared to $97 paid in Q4 2012. The decrease in royalties paid per ounce quarter over quarter was mainly due to lower gold prices, 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 $2.70 million for the quarter (Q4, 2012 - $1.06 million) and accretion of asset retirement obligations in the amount of $0.03 million for the quarter (Q4, 2012 - $0.02 million. The increase in non-cash production expenses is due to the higher capitalized costs as a result of the phase III plant expansion, the start of commercial production of Buffalo Reef in Q3 2013 and the higher tonnage of ore processed (268,045t – Q4, 2013, 110,708t – Q4, 2012), and higher volume of gold sold (21,500oz – Q4, 2013, 8,500oz – Q4, 2012).

9.3 Corporate general and administrative

Corporate expenses of $4.27 million were incurred for the quarter ended June 30, 2013 (Q4, 2012 – $2.61 million). Corporate expenditure included stock-based compensation expenses of $0.10 million (Q4, 2012- $0.14 million), regulatory compliance of $0.02 million (2012 - $0.01 million) and amortization of $0.03 million (Q4, 2012 - $0.03 million). The Company also incurred general and administrative expenses of $3.02 million for the quarter (Q4, 2012- $1.85 million), which represents an increase of 63% in comparison to the corresponding quarter for fiscal 2012.

Legal, consulting and audit expenses increased 253% to $0.80 million from $0.23 million for the three months ended June 30, 2013 as a result of ongoing litigation.

Other income (loss)

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 $0.90 million (Q4, 2012 – gain of $5.52 million) was recorded for the quarter ended June 30, 2013 due to the change in fair value of foreign currency share purchase warrants, which is mainly driven by the share price of the Company.

On February 15, 2013, the Company issued 20,000,000 common shares at an issue price of CAD$0.40 per share and 20,000,000 common share purchase warrants at an exercise price of CAD$0.50 per share to the convertible Noteholders under an early retirement arrangement with a premium payment of CAD$6.50 million. Included in the early retirement agreement is a clause that is currently disputable between a former Noteholder and the Company. The disputable clause pertains to the Company's agreement to repurchase 17,500,000 of the 20,000,000 converted shares for a period of 30 months from the date of that agreement at CAD$0.40 per share. In light of an alleged fundamental breach of the early retirement agreement by one of the former Noteholders, management has obtained legal advice that it has a supportable position that the Company does not have a liability related to this repurchase clause.

The Company earned interest income of $0.05 million for the quarter ended June 30, 2013 (Q4, 2012- $0.01 million). No interest was generated from the penalty interest on the gold forward purchase contract was for the quarter ended June 30, 2013 (Q4, 2012 - $0.01). Bank interest on the cash and cash equivalents balance for the quarter ended June 30, 2013, was $0.05 million (Q4, 2012 - $0.01 million).

The Company recorded a foreign exchange loss of $0.38 million (Q4, 2012 gain – $0.42 million) for the quarter ended June 30, 2013 driven by fluctuations in the US dollar and the Malaysian Ringgit influenced by an increased amount of supplier payments and cash balances.

10. 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.

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) other financial liabilities (trade and other payables, share repurchase obligation and convertible notes) and the financial liabilities at fair value through profit or loss (FVTPL) (gold forward contract and derivative financial instruments).The Company's financial instruments are exposed to certain financial risks, including market risk, credit risk, and liquidity risk.

Market risk

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

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 foreign currency share purchase warrants contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged any of its currency risks. The derivative components associated to foreign currency fluctuation are fair valued at each period and gains or losses are recorded to its income (refer to note 3 of the financial statements).

Based on the net exposures as at June 30, 2013 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 $0.26 million (June 30, 2012 – $0.22 million) in the Company's net income. Depreciation or appreciation of the CAD against the US dollar would result in an increase/decrease of approximately $0.13 million (June 30, 2012 –$0.43 million) in net income.

Commodity price risk

The Company values the contract inducement derivative liabilities at fair value, which is based, in part, on the gold forward market price discounted to the reporting date during the vesting period and at gold market spot price at the reporting date after the inducement option has been vested. The Company values the gold forward purchase agreement at the gold forward purchase price for undelivered gold ounces. As at June 30, 2013 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 (June 30, 2012 - $0.38 million) 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 in the amount of $16,557 (June 30, 2012 – $1,567) is held with a Malaysian financial institution. The amount of $25,376 (June 30, 2012 – $17,833) is held with a Canadian financial institution. In addition, the Company is exposed to credit risk with respect to the Gold forward purchase agreement with Veris Gold Corporation for $6.60 million.

Liquidity risk

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

(in United States dollars, except where noted)

12. OUTSTANDING SHARE DATA

The following details the share capital structure as at September 30, 2013, the date of this MD&A.

Table 11: Share capital structure

	Exercise Price	Number of common shares	Expiry date
Common shares		275,058,030	
Common shares stock options			
	CAD$0.25	915,501	Dec 05, 2013
	CAD$0.40	230,000	Dec 05, 2013
	CAD$0.50	400,000	Dec 05, 2013
	CAD$0.25	300,000	Feb 09, 2014
	CAD$0.30	500,000	Jun 10, 2015
	CAD$0.42	3,000,000	Sep 29, 2015
	CAD$0.60	600,000	Nov 30, 2015
	CAD$0.68	20,000	Jan 27, 2016
	CAD$0.62	150,000	Jul 28, 2016
	CAD$0.61	150,000	Aug 29, 2016
	CAD$0.42	1,000,000	Jan 11, 2017
	CAD$0.45	180,000	Mar 07, 2017
	CAD$0.455	930,000	Sep 17, 2017
	CAD$0.455	500,000	Oct 09, 2017
	CAD$0.33	13,865,501	Sep 04, 2018
	CAD$0.33	5,600,000(1)	Sep 04, 2023
Total		28,341,002	
Agent Options			
	CAD 0.50	2,100,000	Feb 12, 2015
	CAD 0.50	1,015,000	Mar 6, 2015
Total		3,115,000	
Share purchase warrants			
	CAD 0.50	25,000,000	Aug 11, 2015
Total		25,000,000	

(1) Granted under a Proposed 15% Fixed Stock Option Plan (the "Proposed Fixed Plan"). Both the 5,600,000 stock options and the Proposed Fixed Plan are subject to shareholder and TSX Venture Exchange approval.

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.

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 projection. The development of mining projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project. Monument's decision to acquire, develop a mineral property and operate production is based on estimates made as to the expected or anticipated project economic returns. These estimates are based on assumptions regarding:

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

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

Environmental

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

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

Additional funding for building project pipelines

The Company continues seeking new acquisition targets so as to increase its resource base. Additional capital may be required from time to time to fund such acquisitions and development in order to fulfill its business strategy. The additional capital may come from public 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.

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 CONTROLES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

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

Internal Control over Financial Reporting

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

The Company's management, including the CEO and CFO, has evaluated the effectiveness of the internal controls over financial reporting. Based on this evaluation, management has concluded that internal controls over financial reporting were designed effectively as of June 30, 2013.

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

Inventory control:

The Company's Inventory system is operated manually, therefore, it is exposed to risk of human error and is not considered efficient. Inventory software has been purchased to rectify the deficiency, however the project remains in development. The Company has engaged a consulting firm to design an inventory system and the work remains in progress.

Gold Security:

In March 2012, the Company broke up a gold stealing syndicate at Selinsing. The Company called in the Malaysian Police for an immediate investigation and engaged Gold Security Group ("GSG") from Perth, Australia to assist local policy investigation, conduct a security audit to identify weaknesses in control over security and assist in designing a standard gold security procedure in order to strengthen security measures at the gold mine.

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

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.

Caution on Forward Looking Statements

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

Other information

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