

The following Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of November 28, 2012 should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the quarter ended September 30, 2012 (Q1 of fiscal 2013) and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP" as issued by the International Accounting Standards board ("IASB")). Previously, the Company prepared its annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's fiscal 2012 comparatives in this MD&A have been restated and presented in accordance with IFRS. 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](http://www.monumentmining.com) and at [www.sedar.com](http://www.sedar.com).

### ***1.1.1 Q1 of Fiscal 2013 Highlights***

- Net profit from gold production of \$13,181,276, 33% higher than in Q1 2012;
- Gross revenues were 44% higher than in Q1 2012, totaling \$20,805,387;
- Gold sales in the quarter were 12,552 ounces, 33% higher than in the same quarter last fiscal year;
- Selinsing gold treatment facility expansion was placed into production, increasing gold treatment capacity to approximately 1,000,000 tonnes per annum ("tpa") from 400,000 tpa;
- Processed 61.6% more ore at Selinsing than during the same period last year;
- Drilled 122 holes at Selinsing and Buffalo Reef, totaling 9,485 drill meters;
- Drilled 25 holes totaling 5,993 meters at Mengapur in order to define the copper and sulfur oxide and sulfide resources, as well as the enrichment zone;
- Primary ball mill entered commercial production; and
- Mine permits at Buffalo Reef were extended for two years, with clearance and pre-stripping undertaken for preparation of the first open pit at the property.

### ***1.1.2 Business Overview and Results of Operations***

Monument, a company listed on the TSX Venture Exchange ("TSX-V": MMY) and the Frankfurt Stock Exchange ("FSE":D7Q1), is a resource company engaged in acquisition, exploration and development of mineral properties as well as production including extraction and processing ores. Its primary business objective is to advance its mineral projects from exploration and development to production and to increase its gold and other mineral assets through acquisition of prospective land or gold and other mineral projects at an advanced development stage. The Company's Head Office is located in Vancouver, BC, Canada. It operates through its subsidiaries in Pahang State, Malaysia.

The Company's 100% owned primary gold properties are located in Pahang State, the Central Gold Belt of Western Malaysia including Selinsing Gold Project ("Selinsing"), Buffalo Reef Prospect ("Buffalo Reef") and Famehub properties ("Famehub"). While the gold production at Selinsing continued generating healthy cash flow from the Selinsing gold mine in the first quarter of fiscal 2013, management focus on remaining sustainable gold productions through increasing gold resources, upgrading the gold processing plant to treat sulfide ore materials; and further advancing its Mengapur Polymetallic Project.

#### **Gold Production**

First quarter operation produced net profit before other income (loss) and before taxes attributable to shareholders of \$13,181,276. A 33% increase compared to the same period of fiscal 2012 was mainly due to higher gold sales, partially offset by lower gold price and increased production costs and general corporate expenditures. Earnings per share were \$0.05 for the first quarter in line with the same period of last fiscal year.

Gold recovery from the Selinsing gold processing plant for the first quarter ended September 30, 2012 was 12,240 ounces, 2.3% increase compared to 11,959 ounces for the same period of fiscal 2012 due to increased throughput through the new primary mill, partially offset by low grade mill feed for the quarter. Gold production, net of gold dore in transit and refinery adjustment, was 10,906 ounces of gold, defined as good delivery gold bullion according to London Bullion Market Association ("LBMA"), compared to 11,846 ounces for the same period of fiscal 2012. Gross revenue of \$20,805,397 was generated from sales of 12,552 ounces of gold at an average price of \$1,658 per ounce in the first quarter of fiscal 2013 compared to \$14,430,298 from sales of 8,372 ounces of gold at an average price of \$1,724 per ounce in the corresponding quarter of fiscal 2012. Despite of 4% decrease in realized gold price, the Gold price continues to bless the profitability and strong cash flow generation which is supportive to the Company's projected business expansion.

Cash cost per ounce increased by 12% to \$333/oz in the first quarter of fiscal 2013 from \$297/oz in the first quarter of fiscal 2012 driven by rising mining and milling costs. The mining contract was renewed with a 20% increase for the next two years; factors attributed to higher mining costs also include depth of the open pit, increased hauling distances and reclaim of low grade ore to the ROM pad. The Company put the primary ball mill into commercial production in August, 2012 and started to feed a large quantity of low grade ore materials at a 1,000,000 tonnes per annum mill capacity, in turn increasing overall milling costs. This trend is expected to continue as the Company processes increasingly higher quantities of low grade mill feed.

#### **Exploration**

The previous in-house drill programs announced in September 2012 (2010 drill programs) ramped up in June 2012 with a NI 43-101 technical report pending. The programs were aimed to convert the current inferred gold resources at Selinsing and Buffalo Reef to NI 43-101 compliant measured and indicated reserves and increases the total resources on those properties to support sustainable gold production. The 2010 drill programs were also extended in conjunction with the fiscal 2013 exploration programs.

The fiscal 2013 exploration programs at Selinsing and Buffalo Reef focus on finding additional oxide and sulfide ores adjacent to the existing pit development areas, extending known mineralization north and south of the Selinsing open pit along strike, as well as testing the down dip mineralization extensions adjacent to the resource pit shells. The initial fiscal 2013 planned drill programs consist of 140 diamond drill holes totalling 19,070 meters, and 153 RC drill holes totalling 8,531 meters. During the first quarter ended September 30, 2012, 122 drill holes totaling 9,485 drill meters were completed consisting of 32 diamond drill holes for 5,018 meters and 90 RC holes for 4,467 meters. In November 2012, subsequent to the three months ended September 30, 2012, additional drill results obtained from the extended 2010 drill programs were announced and filed at [www.sedar.com](http://www.sedar.com).

Drilling programs were pending at the Mengapur mine site during the three months ended September 30, 2012 awaiting the renewal of the operating mining scheme ("OMS"). The renewal was approved subsequent to the quarter end. The drilling was progressed at Star Destiny prospective land with 25 drill holes and 5,993 meters completed during the quarter. The drill program is designed to define the copper and sulfur oxide and sulfide resources as well as the enrichment zone. The Star Destiny prospective land is adjacent to the Mengapur mine site and together forms the Mengapur Polymetallic Project.

#### **Fiscal 2012 Financial and Operating Highlights**

##### (1) Key gold production statistics

Selinsing Gold Mine	Fiscal 2010	Fiscal 2011	Fiscal 2012	Q1 Fiscal 2013
<b>Operating results</b>				
Ore mined (tonnes)	662,330	740,909	501,881	101,654
Ore processed (tonnes)	272,120	351,999	364,680	224,643
Average ore head grade (g/t Au)	3.08	4.31	4.24	1.98
Process recovery rate	58.7%	92.9%	93.7%	85.6%
Gold recovery (ounces)	15,818	45,313	46,491	12,240
Gold production (ounces)	13,793	44,438	44,585	10,906
Gold sold (ounces)	13,793	40,438	36,938	12,552

Selinsing Gold Mine	Fiscal 2010	Fiscal 2011	Fiscal 2012	Q1 Fiscal 2013
<b>Financial results</b>				
Gold sales (US\$'000) <sup>(a)</sup>	\$16,316	\$56,627	\$61,709	\$20,805
<i>Per ounce data</i>				
Cash cost per ounce	216	242	306	333
Average London spot gold price, US\$/ounce	1,089	1,372	1,673	1,652
Average realized gold price, US\$/ounce	1,183	1,400	1,671	1,658

(a) Three month period ended September 30, 2010 includes an amount of gold sold before the commercial production commenced.

(2) On July 23, 2012, the Company announced that it received CAD\$12,056,230 through exercise of 24,112,500 stock purchase warrants of the Company.

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- (3) The Phase III expansion began on September 6, 2011 with budget of \$8.1 million and was placed into commercial production in August 2012 at total cost of approximately \$8.7 million. The expansion increased capacity of the gold treatment plant from 400,000 tonnes per annum ("tpa") to approximately 1,000,000 tpa.
  - (4) On August 24, 2012, the Company released drill results from the Mengapur Polymetallic Cu-AuAg-S (Fe-Mo) Project which confirms historical drill hole assays completed by Malaysia Mining Corporation (MMC) in 1980's that formed the basis of the historic feasibility study completed in 1990.
  - (5) On September 18, 2012 the Company announced the appointment of Chief Operating Officer and other key management positions based in Malaysia. Those new appointments are aimed to help Monument meet its business growth objectives.
  - (6) On October 9, 2012, the Company announced that the iron ore dispute and all its issues related to the Mengapur Project had been resolved by entering into a harmonization Agreement among Phoenix Lake Sdn Bhd, ZCM Minerals Sdn Bhd, and Monument's subsidiaries including Monument Mengapur Sdn Bhd and Cerman Aman Sdn Bhd. All related litigation was subsequently dropped. This eliminates a significant source of uncertainty from the Mengapur Project.
  - (7) The annual Operating Mining Schedule for the Mengapur Project was renewed subsequent to the first quarter effective retroactively from May 2012.
  - (8) On October 17, 2012, the Company announced that the board has approved a non-brokered private placement to Tulum Corporation of up to 52,000,000 shares at a price of \$0.45 per share for net proceeds of up to \$23,400,000 to the Company. There are no warrants issued or finder's fees paid in connection with the private placement. On November 4, 2012, the Company announced that it has engaged Mackie Research Capital Corporation as exclusive Financial Advisor to evaluate various strategic and financial alternatives to meet the Company's growth objectives.
  - (9) The Company received a Court Order from the Supreme Court of British Columbia to extend time for holding Annual General Meeting from December 31, 2012 to March 31, 2013. The date and details of the meeting will be announced in due course.

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**1.2 Project Update****Selinsing Gold Project****Resources**

The Selinsing Gold Project ("Selinsing Project") is located at Bukit Selinsing near Sungai Koyan, approximately 65 km north of Raub and 40 km west of Kuala Lipis on the lineament known as the Raub Bentong Suture, at approximately 040°15'00"N latitude, 101°04'10"E longitude. The resources of the Selinsing Gold Project as of August 2006 are comprised of an indicated mineral resource of 3,630,000 tonnes at 1.76 gpt, using a cutoff of 0.75 gpt for contained ounces of 205,000 ounces of gold, and an inferred mineral resource of 7,690,000 tonnes at a grade of 1.34 gpt for contained ounces of 330,000 ounces of gold at a similar cutoff grade (Snowden, 2006). It is a near surface open pittable resource that metallurgical test work and subsequent mill production records confirm recovery between 92% and 95%.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended September 30, 2012  
(in United States dollars, except where noted)

**Form 51-102F**

### 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 tonnes per annum ("tpa") to approximately 1,000,000 tpa. The upgraded plant processed total of 224,643 tonnes of low grade ore during the three months ended September 30, 2012 (Q1, 2012 – 86,343) with gold recovery of 12,240 oz (Q1, 2012 – 11,959). The production and financial results are set forth in the following table:

	Year ended June 30, 2010	2011	2012	Three months ended Sep 30, 2012
<b>Mining</b>				
Ore mined (tonnes)	662,330	740,909	501,881	101,654
Waste removed (tonnes)	2,326,502	2,707,598	2,770,491	441,950
Stripping ratio	3.51	3.65	5.52	4.34
Ore stockpiled (tonnes)	387,545	773,432	920,633	801,871
<b>Processing</b>				
Crushed ore (tonnes)	274,786	355,021	354,682	220,416
Ore processed (tonnes)	272,120	351,999	364,680	224,643
Average mill feed grade (g/t)	3.08	4.31	4.24	1.98
Processing recovery rate	58.7%	92.9%	93.7%	85.6%
Gold recovery (oz)	15,818	45,313	46,491	12,240
Gold produced (oz)	13,793	44,438	44,585	10,906
Gold sold (oz)	13,793	40,438	36,938	12,552
Revenue (in 000's)	16,316	56,627	61,709	20,805
Cash cost (US\$/oz) <sup>(1)</sup> –				
Mining	64	53	54	85
Processing	90	120	140	178
Royalties	62	69	107	72
Operations, net of silver recovery	-	-	5	(2)
Total cash cost (US\$/oz)	216	242	306	333

(1) 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.

### Exploration

During the first quarter of fiscal 2013 a total of 3,220m in 19 diamond drill holes were completed at cost of \$220,006. These drill holes were completed in the main development pits and targeted additional sulfide mineralization within and adjacent to the current resource design pits, and below the current design pit elevation (<400 m RL).

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. The sampling is of half NQ and half HQ diamond drill core with maximum sample intervals of 1.5 metres. Quality assurance and quality control ("QAQC") is maintained through the submission of certified reference materials and blanks. Coarse split duplicates are collected and analyzed. Sample recoveries are good to excellent.

The significant drill hole assay results (>0.8 g/t Au) received from the 2010-2011, and 2011-2012 drill hole programs as of November 1, 2012 were recently published in a news release on November 21, 2012 (refer to [www.sedar.com](http://www.sedar.com)). The information in this press release was compiled and reviewed by Todd Johnson (P.E.), Vice President of Exploration for Monument, who is a Qualified Person (QP) as per NI 43-101 guidelines.

These recent drill hole assay results indicate that gold mineralization extends below the existing design pit and continues at depth. The on-going 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 by January 30, 2013. The announced Selinsing "Deeps" mineralized drill hole results (located below the current design pit) are similar in grade and true thickness to those obtained from historic drilling campaigns conducted before the 2007 acquisition.

### Environment, Safety and Health

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

- The Department of Minerals and Geosciences (JMG) with environmental jurisdiction inside the Company's project tenements;

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

During three months ended September 30, 2012 monthly sampling for ambient air, noise and water quality in streams was completed for DOE and JMG regulators. Results were all in compliance. DOSH visited the site to inspect compressed air receivers with satisfaction, certificate will be issued.

The amendment of the Operational Mining Scheme for Selinsing/Buffalo Reef operation reflecting the Phase III plant upgrade was approved by JMG for a two year term; the supplemental Environmental Impact Assessment ("EIA") study was completed in the first quarter and was submitted to the relevant authorities. The EIA study is to highlight the potential impact from the Phase III plant expansion programs, and design a remedial action plan to mitigate risks. Assessment of the project shows favorable effects on the socio economy in terms of employment opportunities to the nearby community and at the same time with the proper mitigation measure, the project will not present any significant long term residual impacts on the environment. The plant expansion programs should enable the available gold resource to be treated at an optimum economic scale and cost. This is in line with the principal objectives of the industrial master plan that is to promote opportunities for the maximum and efficient utilization of nation's abundant natural resources.

#### Legal Proceeding

Subsequent to the end of the first quarter, a statement of claim was filed by Selinsing Mining Sdn Bhd ("SMSB"), the previous owner of the Selinsing Project, against Monument and two of its Malaysian subsidiaries in the High Court of Malaya in Shah Alam, Selangor, Malaysia. The claim alleges that SMSB is entitled to a share of production/profit from Selinsing Gold Mine Manager Sdn. Bhd. ("SGMM") based on SMSB's purported 5% participating interest in SGMM.

According to Monument legal counsel, the Claim against Monument and its subsidiaries is entirely without merit. The opportunistic nature of this claim is demonstrated by the fact that it was not filed sooner, and has only been made now, after several years of success in low-cost production under Monument's leadership. Monument will vigorously dispute this claim, and will update shareholders on developments in this regard.

#### **Buffalo Reef Prospect**

#### Resources

Through Damar, the Company holds a 100% interest in the Buffalo Reef Prospect consisting of two contiguous tenements approximately 2,050 acres in size in Pahang State of Malaysia that extends the total contiguous and continuous land position northward from and including the Selinsing Gold Mine Project for approximately 4.2 kilometers along the gold trend.

The Buffalo Reef deposit had only a JORC Code compliant historical estimated resource upon acquisition in 2007. In fiscal 2011, Snowden Pty Ltd Australia was engaged to update the historical mineral resources at Buffalo Reef, to convert the historical inferred resources to the measured and indicated categories, and to update the JORC Code compliant gold resources to NI 43-101 standards. The Snowden NI 43-101 report was completed and filed under SEDAR on May 26, 2011. As of December 2010 at a cutoff grade of 0.5 g/t Au, the Buffalo Reef Indicated Mineral Resource is 2.30 million tonnes grading 2.24 g/t Au for a total of 165,500 ounces of Au and the Inferred Mineral Resource is 1.36 million tonnes grading 1.31 g/t Au for a total of 57,300 ounces of Au.

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the quarter ended September 30, 2012  
 (in United States dollars, except where noted)

**Form 51-102F**

The Buffalo Reef Mineral Resource as of December 2010, and reported at a 0.5 g/t Au cut-off grade (Snowden, 2011):

Classification	Oxidation State	Zone	Tonnes Kt	Au g/t	Au Oz
Indicated	Oxide	South	272	2.35	20,500
		Central	32	1.62	1,700
		North	159	1.57	8,000
	Sulphide	South	1,298	2.66	111,300
		Central	246	1.36	10,700
		North	291	1.42	13,300
<b>Total (Indicated)</b>			<b>2,298</b>	<b>2.24</b>	<b>165,500</b>
Inferred	Oxide	South	125	1.23	4,900
		Central	52	1.44	2,400
		North	26	2.79	2,400
	Sulphide	South	411	1.36	17,900
		Central	548	1.07	18,800
		North	201	1.69	10,900
<b>Total (Inferred)</b>			<b>1,363</b>	<b>1.31</b>	<b>57,300</b>

The Inferred Resource is mostly located in the Felda Block 7 where no drilling work has been carried out as yet. The Company has paid obtained agreements from settlers for exploration rights but yet to receive the consent from Felda Corporation to access and carry out further exploration.

Snowden considers that this resource estimate is appropriate for use in a Scoping Study or a Pre-Feasibility Study or a preliminary Assessment.

The NI43-101 report contains preliminary metallurgical test work results. Historic test work conducted by Avocet Mining PLC, the previous owner of Buffalo Reef, indicated that the oxide zone showed reasonable metallurgical recovery rates for gold by direct cyanidation. However, the sulfide mineralization at Buffalo Reef was classified as refractory to direct cyanidation procedures. This prompted the Company to commence test work programs in 2010 and preliminary metallurgical studies completed by Monument in 2011 have shown promising results using roasting or bioleaching pre-treatment processes. These test work programs are ongoing and the Company is encouraged with results to date. Oxide ore could be treated using the existing Selins processing plant.

Given the advanced state of exploration at the Buffalo Reef deposit, future activities will focus on infill drilling to increase the level of confidence in the geological interpretation and resource estimation. To facilitate this, Monument is securing additional land for further resources definition drilling. Diamond core drilling will be required to provide material for bulk density measurement and metallurgical test work, along with geotechnical data.

The NI43-101 technical report dated May 2011 was prepared by independent qualified persons Jean-Pierre Graindorge, BSc from Snowden Mining Industry Consultants Pty Limited and Frank Wright, P. Eng., a Consulting Metallurgist. Information in this report relates to in-situ Mineral Resource estimates using CIM Standards on Mineral Resources and Reserves Definitions and Guidelines. The May 2011 estimate was carried out under the supervision of Mr. Michael Andrew who is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Mr. Andrew is a member of the Australian Institute of Mining and Metallurgy (MAusIMM), and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Qualified Person as defined by the Code. Mr. Andrew consents to the inclusion in this section of MD&A of the matters based on his information in the form and context in which it appears.

### Exploration

The Buffalo Reef exploration program announced in September 2010 includes 33 drill holes comprising 2,500m of RC drilling and 3,200m of diamond drilling budgeted at \$0.8 million. It is aimed to convert the inferred resources to measured and indicated resources under NI 43-101 standards. Metallurgical and recovery test work has also been carried out on the Buffalo Reef ore as part of the ongoing development program.

From July 1, 2012 to September 30, 2012, 13 diamond drill holes totaling 1,798m and 90 RC drill holes totaling 4,467m were completed at Buffalo Reef for a total cost of \$350,036. These drill holes targeted converting inferred resources to indicated and also tested areas on the margins of the existing design pits, additional near-surface oxide opportunities, and gap zones with little pre-existing drilling information.

**Mine Development**

Permits to mine over several mining leases at Buffalo Reef were extended during the first quarter for duration of two years commencing May 2012. The permits cover the Buffalo Reef ore body, tailing storage facilities and the waste dump for Selinsing and Buffalo Reef operations. The site clearance and pre-stripping were undertaken for preparation of first open pit at the Buffalo Reef. During the three months ended September 30, 2012 mine development incurred costs of \$200,757 including site clearing and waste removal in preparation for mining activities. Mining activities commenced in November 2012 during the second quarter of fiscal 2013.

**Famehub Properties**

The Famehub area is located in Pahang State of Malaysia approximately 15km northwest of the town of Kuala Lipis and 2km north of the Selinsing Gold mine.

In the 2012 fiscal year, field work has been carried out at Famehub's Panau, Serau and Tekai prospects for \$88,434. 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. No activities were carried during the first quarter of fiscal 2013.

On September 13, 2010, through its wholly-owned subsidiary Damar, the exploration arm of Monument's Malaysian group of companies, 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. Famehub also owns a package of technical information and exploration database in respect to the subject property. The full purchase price for the Famehub acquisition is \$1.5 million in cash and 14 million common shares of the Company. The Company has started preparation for its exploration programs, targeting the consolidation of its Selinsing and Buffalo Reef properties together with the Famehub Property around the newly constructed producing Selinsing gold mine in order to extend the life of the mine through increased resources situated nearby.

The Famehub area is in an early stage of exploration. It consists of nine separate exploration prospects. Extensive stream sediment and soil sampling campaigns have been completed by the previous owners with minimal drilling conducted to date. The results of the geochemical sampling included in the database obtained by the Company indicate anomalous gold grades are present in the Famehub properties. Follow up exploration work is required to define the extent of any potential gold mineralization (refer to "Preliminary Assessment of Exploration Tenements, Malaysia, NI43-101 Technical Report", August 2010, prepared by Snowden Group Australia and filed on [www.sedar.com](http://www.sedar.com)).

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

**Mersing Gold Project**

The Mersing Gold Project is held through mining certificate #1221 ("MC 1221") for 256 hectares of prospective land, located approximately 30 kilometers north-west of Mersing Town in Johore State, Malaysia. The original Malaysian Geological Survey identified a widespread geochemical anomaly that follows the north-west regional structural trend running for more than 30 kilometers, commencing near the beach at Kampung Sri Pantai running inland toward the Mersing Gold Project. The presence of widespread quartz veining within the highly deformed metasediments, sulphide mineralization and free gold showing in the vein material, and the evidence of substantial alluvial mining and processing activities indicate that the Mersing Gold Project has potential to host primary gold mineralization. To date, the area has not been systematically explored for its primary gold potential and no production details are available.

In September 26, 2011 the Company entered into an Earn-In Agreement with a Malaysian company, Emas Kehidupan Sdn. Bhd. ("EK") and its 30% joint venture partners, under which the Company has a right to earn or acquire up to a 100% interest in the "Mersing Gold Project" (previously known as the "Gunung Arong Gold Prospect"). Monument acquired 49% of the Mersing Project immediately by paying \$500,000 cash and issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK, which in turn holds a 70% interest in the Mersing Gold Project, conditional upon completion of a \$2,000,000 exploration program on the Mersing Gold Project within two-years.

The Company has the right to earn a further 21% interest in the Mersing Gold Project by making either, at the option of the vendors, a further \$1,500,000 cash payment to the vendors or by issuing 2,500,000 fully paid Monument shares to the vendors in order to acquire the remaining 30% of the issued EK shares bringing Monument's interest in the Mersing Gold Project to 70%, conditional upon completion of a further \$2,000,000 exploration program on the Mersing Project within two years. Further, Upon acquiring 100% of the shares of EK and reaching a 70% ownership level in the Mersing Gold Project, the Company has the right, for a period of 180 days after the completion of its second earning exploration obligations and the completion of an initial or pre-feasibility study on the project, to buy out the remaining 30% interest in the project thereby achieving 100% ownership in the Mersing Gold Project.

The Company has been reviewing Mersing's regulatory status in order to initiate an exploration program. Subsequent to the three months ended September 30, 2012, the Company issued an inquiry letter to the Vendor to further confirm the status of the title transfer. Exploration at the Mersing Gold Project will provide an opportunity to understand the geological nature of gold mineralization within the Mersing district and, if successful, will create an opportunity for further discovery along the structural trend as defined by the Mineral and Geosciences Department of Jahore State.

**Mengapur Polymetallic Project**

The Mengapur Polymetallic Project is located in Central Malaysia in the State of Pahang, approximately 130 kilometers from Monument's wholly-owned Selinsing Gold Mine near Sri Jaya, 12 kilometers from a highway and 75 kilometers from the Malaysian port of Kuantan. The Mengapur polymetallic deposit contains a historic Cu-S-Au-Ag oxide and sulfide resource from a previous drilling campaign conducted in the 1980's as previously reported in Snowden (January, 2012) consisting of 203 million tonnes averaging 0.605 pct Cu eqv (7.22% S, 0.21% Cu, 0.15 g/t Au, and 3.68 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 million tonnes averaging 0.737 pct Cu eqv. (8.63% S, 0.27 pct Cu, 0.21 g/t Au, and 2.59 g/t Ag) at the same 0.336% Cu eqv cutoff grade (Snowden, 2012). Drilling is currently being conducted by Monument Mengapur to verify these historic resources and reserves and to bring them to a currently accepted NI 43-101 resource and reserves.

The Mengapur Project includes the mineralized bodies over both mining license (lot #10120) owned by Cermat Aman Sdn Bhd and prospective license owned by Star Destiny Sdn Bhd covering prospective land totaling 750 Hectares in Pahang State, Malaysia, adjacent to the south of the Mengapur Polymetallic Project. 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 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.

After closing of the Mengapur acquisition in fiscal 2012, the 40-person camp at Mengapur has been increased to support a larger Monument staff. The on-site facilities are being upgraded and a new core storage and logging facility was recently constructed near the existing site Administration Office. A total of 11,111 meters in 69 drill holes were drilled at the Star Destiny property costing approximately \$1.8 million as of June 30, 2012 to determine the continuity of mineralization, explore untested areas and to test deeper mineralization targets below the proposed pit shells. The Company has approved a \$400,000 budget for carrying out research and investigation work on rock phosphate resources through an Australian company as a part of its strategic plan for development of future downstream products on the Mengapur Project.

The proposed fiscal 2013 drill program at the Star Destiny prospective land includes approximately 11,060m to help confirm the resources at the B Resource Zone. The proposed fiscal 2013 drill program at Lot 10210 includes approximately 20,255m in 86 drill holes to help define the A Resource Zone and was started in mid-November 2012. Drilling for this program is prioritizing those drill holes that will help define the highest valued sulfide ores for early mining which will be the focus of the upcoming NI 43-101 Technical Report.

During the three months ended September 30, 2012, the Company announced drill results on the A Resource Zone that were conducted before the end of December 2011 (refer to [www.sedar.com](http://www.sedar.com)). However, no drill metres were progressed due to a court injunction against mining activities at the Mengapur site and expiry of the Operating Mining Scheme ("OMS") for the first quarter. Subsequent to the first quarter, the court injunction was lifted and OMS was approved retroactively from May 2012 over the mining lease. The Company moved to place drill programs at the lot 10120 in the second quarter of fiscal 2013.

From July 1, 2012 to September 30, 2012, 25 diamond drill holes totaling 5,993 meters were completed on the Star Destiny prospective land at a total cost of \$1,342,630.

During Q1 of fiscal 2013, specific gravity samples from Zone B have been collected and characterized to help with the updated resource evaluation. This information will be used to better quantify the bulk densities of the different mineralization types planned for the future mining operations envisioned at the site.

ZCM Mining Sdn Bhd ("ZCM") and Phoenix Lake Sdn Bhd ("PLSB") are currently mining for iron ore in oxide materials on the Mengapur mine site. The recent "harmonization" agreement between PLSB/ZCM and MMSB, the exclusive operator of the lot 20120, has formed a base to allow ZCM to mine near-surface oxide ores and allow Monument to protect their mineral assets and continue towards developing access to the A Zone sulfide and transitional resources.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

 For the quarter ended September 30, 2012  
 (in United States dollars, except where noted)

**Form 51-102F**
**1.3 Selected Financial Information**

BALANCE SHEET	September 30, 2012	June 30, 2012	June 30, 2011
Current assets	\$ 73,153,959	\$ 50,179,801	\$68,326,751
Other assets	164,435,417	161,769,174	56,415,756
Total assets	237,589,376	211,948,975	124,742,507
Current liabilities	18,800,330	19,052,930	4,919,497
Other liabilities	25,277,407	22,388,089	38,807,319
Non-controlling interests	24,139,464	24,186,279	-
Equity attributable to parent	169,372,175	146,321,677	81,015,691
Total liabilities and shareholders' equity	237,589,376	211,948,975	124,742,507
Working capital excluding derivative liabilities	\$ 54,353,629	\$ 31,130,680	\$63,407,254

**1.4 Operating highlights**

	Fiscal 2011			Fiscal 2012				Fiscal 2013
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenues	\$ 14,119,390	\$ 15,031,105	\$ 16,617,861	\$ 14,430,298	\$ 21,084,315	\$ 12,393,951	\$ 13,800,700	\$ 20,805,397
Gold Produced (Ounces)	11,348	11,904	12,136	11,846	11,736	10,676	10,327	10,906
Gold Sold (Ounces)	10,148	10,704	10,936	8,372	12,765	7,301	8,500	12,552
Average Realized Gold price (per ounce)	1,391	1,404	1,520	1,724	1,652	1,698	1,624	1,658
Average London Spot Gold price (per ounce)	1,367	1,386	1,506	1,702	1,688	1,691	1,609	1,652
Cash cost (per ounce)	265	238	262	297	307	303	316	333
Net Earnings Attributable to Common Shareholders	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064	10,833,682
Net Earnings before other income Attributable to Common Shareholders	10,115,173	10,296,084	10,537,186	9,925,103	14,779,551	8,430,279	7,395,364	13,228,091
Earnings Per Share before other income:								
- Basic	0.06	0.06	0.06	0.06	0.08	0.04	0.04	0.06
- Diluted	0.05	0.05	0.05	0.05	0.07	0.04	0.04	0.06
Net Earnings after other income and tax Attributable to Common Shareholders	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064	10,833,682
Earnings Per Share:								
- Basic	0.02	0.10	0.06	0.06	0.15	0.04	0.08	0.05
- Diluted	0.02	0.09	0.05	0.05	0.13	0.04	0.07	0.05

**Summary**

The operating results of the Company reflect its income from gold mine 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 period ended September 30, 2012, the net income attributable to shareholders was \$10,833,682, or \$0.05 per share (basic) compared to \$11,176,073, or \$0.06 per share (basic) in the corresponding quarter for fiscal 2012. The decrease in earnings per share in the first quarter of fiscal 2013 is mainly due to other income (loss) which attributed \$0.01 to earnings per share as compared to (\$0.00) per share in the first quarter of fiscal 2012. The decrease in other income was caused by derivative losses resulted in change of fair value of derivative liabilities at the end of the reporting period calculated based on selected financial models and assumptions associated to related commodity price or share price at the market as required by IFRS, the applicable accounting standards. Derivative liabilities are identified by the management as having the most significant impact on the other income amounts recognized in the financial statements and are evaluated at each reporting period given the inherent uncertainty in these instruments.

The net income before other income (loss) and before taxes attributable to shareholders was \$13,228,091, or \$0.06 per share for the first quarter of fiscal 2013; and \$9,925,103, or \$0.06 per share for the corresponding quarter of fiscal 2012.

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

Gold sales generated \$20,805,397 from 12,552 ounces sold during the first quarter of fiscal 2013 compared to \$14,430,298 from 8,372 ounces sold in the corresponding quarter of fiscal 2012. The increase in revenue mainly due to the increase in ounces sold for the current quarter compared to the same quarter of fiscal 2012 during which 2,274 ounces of gold was held in the inventory, however offset by the decrease in an average realized gold price from \$1,724 per ounce in Q1 2012 to \$1,658 per ounce in Q1 2013. The average London spot price for Q1 2013 was \$1,652 (\$1,702 – Q1 2012).

The cash cost per ounce of gold sold in the first quarter of 2013 was \$333, compared to \$297 per ounce in the corresponding period in fiscal 2012. The cash cost is broken up as follows:

	Year ended		Three months ended			Three months ended	
	June 30, 2011	Sep 30, 2011	Dec 31, 2011	Mar 31, 2012	June 30, 2012	Sep 30, 2012	
Cash cost (US\$/oz) <sup>(1)</sup> –							
Mining	53	54	51	52	61	85	
Processing	120	152	131	130	149	178	
Royalties	69	86	120	123	97	72	
Operations, net of silver recovery	-	5	5	(2)	9	(2)	
Total cash cost (US\$/oz)	242	297	307	303	316	333	

<sup>(1)</sup> 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 costs and property fees, net of by-product credits. Cash cost excludes amortization, depletion, accretion expenses, capital costs, exploration costs and corporate administration costs.

	Three months ended September 30, 2011	Three months ended September 30, 2012
<b>Mining</b>		
Ore mined (tonnes)	124,736	101,654
Waste removed (tonnes)	719,080	441,950
Stripping ratio	5.76	4.34
Ore stockpiled (tonnes)	813,175	801,871

Mining - \$85 per ounce, up from \$54 per ounce

The increase in mining costs is a result of several factors:

- The mining contract was renewed with the same mining contractor, effective July 2012 with 25% increase reflecting market adjustment; and
- Hauling costs were higher this quarter due to reclamation of low grade ore of approximately 200,000 tonnes for the mill feed according to the increased capacity as a result of completion of the phase III plant upgrade.

**Processing - \$178 per ounce, up from \$152 per ounce**

The decrease in processing costs is a result of several factors:

- The new primary ball mill was placed in use this quarter which significantly increased mill throughput with an average low mill feed grade 1.98g/t (Q1, 2012 – 4.53 g/t);
- Processing of sulphidic ore leading to longer processing times and higher volumes of reagents used;
- Due to the increased volume of sulphidic ore, gold recovery rates have declined to 85.6% from 95.1% in Q1 2012; and
- Increased crushing plant downtime resulting from several scheduled shutdowns leading to decreased production (500 hours up from 405 hours in Q1 2012). This was primarily from the final commissioning of the Phase III expansion.

**Royalties - \$72 per ounce, down from \$86 per ounce**

Prior to October 1, 2011 the Company paid 5% of gross revenue in royalty on date of sales. Starting October 1, 2011 the Company pays 5% of the market value of gold produced. Decrease in royalty cost per ounce in Q1 2013 was mainly due to the average gold spot price of \$1,652 applied in calculating royalty payment which was lower than the average sale price of \$1,724 applied in calculating the royalty payment in the same quarter of fiscal 2012.

**Non-cash costs**

Non cash production expenses included depreciation and amortization of \$2,222,245 (\$806,061 – Q1 2012) and accretion of asset retirement obligations in the amount of \$22,035 (\$314,019 – Q1 2012). The increase in non-cash production expenses is due to the higher capitalized costs as a result of the phase III expansion and the higher tonnage of ore processed (224,643 tonnes – Q1 2013, 86,343 tonnes – Q1 2012).

**Corporate general and administrative**

Corporate expenses of \$1,205,565 (Q1, 2012 - \$906,901) comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, project investigations, stock-based compensation, amortization and exploration expenses.

In addition to stock-based compensation expenses of \$124,366 (Q1, 2012- \$206,270) Regulatory compliance of \$14,817 (Q1, 2012 - \$2,096) and amortization of \$28,318 (Q1, 2012 - \$70,330), the Company incurred other corporate expenses of \$1,038,064 (Q1, 2012- \$628,205), which represents an increase of 65% for the three month period ended September 30, 2012 in comparison to the corresponding period for fiscal 2012.

General and administrative expenses increased by 47% to \$576,876 from \$393,178 in the same period of the prior year, and include salary expenses of \$484,756 (Q1, 2012 - \$287,505) and office rent and utilities and general office expenses \$92,120 (Q1, 2012 - \$105,673). The salaries and administrative expenses increased from prior year due to staff increase to accommodate the growth of the Company.

Legal, consulting and audit expenses were \$257,006 compared to \$98,761 in the same period of the prior year, which is a 160% increase mainly due to legal fees incurred in negotiating a Harmonization Agreement among Phoenix Lake Sdn. Bhd. ("PLSB"), ZCM Minerals Sdn. Bhd. ("ZCM"), Monument Mengapur Sdn. Bhd. ("MMSB") and its subsidiary Cermat Aman Sdn. Bhd. ("CASB") (collectively the "Parties"). A press release discussing the Harmonization Agreement was issued on October 9, 2012.

Shareholder communications and travel expenses totaled \$204,182 compared to \$132,711 in the same period of the prior year, reflecting increased activities in investor relations through publications, conferences and travel for corporate development.

For the three month period ended September 30, 2012 the Company incurred \$136,608 (Q1, 2012 - \$208,566) in stock-based compensation expenses net of forfeitures, of which \$124,366 (Q1, 2012 - \$206,270) was charged to operations, \$12,242 (Q1, 2012 - \$2,296) was charged to inventory, exploration, mine development and construction of the plant. The decrease was mainly due to the passage of time amortizing existing stock options and a reduction of new stock options being granted.

**Other income (loss)**

The Company recognized a gain/loss in the income statement on the change of fair value of share purchase warrants with an exercise price in CAD, which is different than the Company's functional currency (US dollar). The Company re-measures the fair value of the foreign currency denominated share purchase warrants at each reporting date using the Black-Scholes model and translates it into US dollars using the exchange rates at the reporting date. A loss of \$849,954 (Q1, 2012 gain - \$2,214,219) was recorded for the three month period ended September 30, 2012 due to the change in fair value of foreign currency share purchase warrants, which was mainly driven by fluctuating share price of the Company.

The Company recognized the inducement issued in conjunction with convertible notes as a derivative financial instrument comprised of two components. The first component is a foreign exchange derivative and the second component consists of a written option contract

for a non-financial instrument that is readily convertible to cash (gold). The inducement has been recorded as derivative liabilities – gold inducement in the statement of financial position. Changes in the fair value of these derivative liabilities – gold inducement are recorded as a component of other income (loss). During the three month period ended September 30, 2012, the change in fair value of derivative liabilities – gold inducement resulting in a loss of \$1,347,328 (Q1, 2012 loss - \$862,340), as explained under note 12 in the financial statements.

The Company recognized a gain in income statement on change of fair value of gold forward purchase contract of \$416,026 (Q1, 2012 gain - \$66,508). This gain is the result of remeasuring the undelivered gold balance at fair value, based on the gold forward market price as at the reporting date, as explained in note 5 in the financial statements.

On August 11, 2010, the Company closed a \$13 million (CAD 13 million) financing consisting of \$8 million (CAD 8 million) in convertible notes and \$5 million (CAD 5 million) from a forward gold sale. During the three month period ended September 30, 2012, an amount of \$257,847 of interest accretion on the convertible notes (Q1, 2012 - \$221,451) was charged to income statement.

For the three month period ended September 30, 2012, amortization decreased by \$42,012 to \$28,318 from \$70,330 in the same comparative period in the prior year. The decrease was mainly due to the reclassification of amortization on site buildings, equipment and warehouse to operations.

The Company earned \$461,145 (Q1, 2012- \$36,178) in interest income generated from the penalty interest on the gold forward purchase contract \$406,822 (Q1, 2012 - \$0) and bank interest on the cash and cash equivalents balance for the three month period ended September 30, 2012, \$54,323 (Q1, 2012 - \$36,178). The Company recorded a foreign exchange loss of \$827,691 (Q1, 2012 gain - \$17,856) for the three month period ended September 30, 2012 driven by fluctuations in the US dollar and the Malaysian Ringgit influenced by an increased amount of supplier payments and cash balances.

#### **1.5 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 at Selinsing, Buffalo Reef, Famehub, Mersing, and Mengapur.

The Company's cash and cash equivalent, including the restricted cash balance, but excluding funds in escrow, as at September 30, 2012 was \$25,481,022 decreased by \$34,703,644 from \$60,184,666 as at September 30, 2011.

- For the three month period ended September 30, 2012, cash in the amount of \$8,937,584 was generated from operations (Q1, 2012- \$9,994,738);
- \$2,887 of cash was used and \$12,080,209 of cash was provided from financing activities (Q1, 2012- \$6,253 being used and \$5,713,659 being generated); and
- \$3,933,455 of cash was spent on investing activities for development costs, acquisition of property, plant and equipment acquisitions and construction (Q1, 2012 - \$4,684,004).

For the three month period ended September 30, 2012, changes in non-cash working capital items amounted to a cash outflow of \$6,714,213 compared to the outflow of \$1,133,133 for the corresponding period in the prior year. The cash outflow for the current period consisted of accounts receivable of \$4,392,668, prepaid expenses and deposits of \$230,749, inventory \$572,538 and payables and accrued liabilities of \$1,518,258. The outflow for the same period ended September 30, 2011 was due to inventory of \$1,341,647 and payables and accrued liabilities of \$1,612,193; offset by cash inflow in accounts receivable of \$1,743,346 and prepaid expenses and deposits of \$77,361. The increase in non-cash working capital items was primarily due to the increase of accounts receivable from gold sales resulting from sales at the end of the period.

For the three month period ended September 30, 2012, the Company had a cash inflow of \$12,077,322 (Q1, 2012 - \$5,707,406) from financing activities. The cash inflow of \$12,080,209 was for the exercise of stock options and warrants offset by the outflow from payment of finance lease obligations of \$2,887. For the three month period ended September 30, 2012 cash inflow was \$4,141,661 from exercise of stock options and warrants and \$1,571,998 from the proceeds from gold forward contracts. This was offset by the cash outflow from payment of finance lease obligations \$6,253.

Investing activities had a cash outflow of \$3,933,455 for the three month period ended September 30, 2012 (Q1, 2012 - \$4,684,004) of which \$543,892 (Q1, 2012 - \$2,699,907) related to construction and other capital expenditure. During the three month period ended September 30, 2012, \$399,760 (Q1, 2012 - \$1,971,709) was used for the Phase III plant expansion, nil (2012 - \$728,198) was used for the construction of the new tailings storage facility, and \$144,132 (2012 - nil) was used for other capital expenditure.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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Mineral properties exploration, development and acquisition costs, including the deferred business development costs were \$3,383,528 (Q1, 2012 – \$1,743,597). This was represented by the acquisition activities of \$4,784 for stamp duty on the acquired shares for the Mersing project (Q1, 2012 – \$538,913 for Mersing project acquisition). Exploration & Evaluation costs and deferred business development costs, including drilling, assays, geological studies & site activities of \$3,378,744 (Q1, 2012 – \$1,204,684).

As at September 30, 2012, the Company had a positive working capital, after excluding derivative liabilities, of \$54,353,629 compared to \$74,971,500 as at September 30 2011. The decrease of \$20,617,871 was mainly the result of cash spent on the acquisition of the Mengapur project, the Mersing project, Star Destiny, and the gold forward purchase; offset by the commencement of gold sales and cash from warrants exercise. Accounts payable increased to \$6,270,537 at September 30, 2012 from \$3,577,368 at September 30, 2011 primarily attributed to Phase III construction, gold production activities, and the accounts payable from the drilling program on the Star Destiny project.

### **1.6 Capital Resources**

The Company's capital resources as at September 30, 2012 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.

During three months ended September 30, 2012, CAD\$12,056,230 was received through exercise of stock purchase warrants of the Company. GoldMet B.V., a Netherland based company ("GoldMet"), has 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. As of today, 43,212,000 stock purchase warrants expired on July 21, 2012 bringing the total outstanding warrants of the Company down to 5,000,000.

Subsequent to September 30, 2012, the Company announced that its Board of Directors has approved a non-brokered private placement to Tulum Corporation ("Tulum") of up to 52,000,000 shares at a price of CAD\$0.45 per share for net proceeds of up to CAD\$23,400,000 to the Company.

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.

### Commitment and Contingencies

	2013	2014	2015	2016	2017	Total
Operating leases	95,024	20,164	2,878	-	-	118,066
Purchase commitments	4,491,946	-	-	-	-	4,491,946
Financing commitments	-	-	13,215,800	-	-	13,215,800
Mineral property fees	5,283	7,043	7,043	7,043	7,043	33,455
<b>Total</b>	<b>\$4,592,253</b>	<b>\$ 27,207</b>	<b>\$ 13,225,721</b>	<b>\$ 7,043</b>	<b>\$ 7,043</b>	<b>\$ 17,859,267</b>

Operating leases are for premises and vehicle lease. Purchase commitments are primarily for mining operations. The Company also has Financing commitments through its Convertible note and Gold forward sale instruments. The Convertible note is discussed in note 10 and the Gold forward sale contract is discussed in note 11 in the financial statements.

Upon closing of the Mengapur acquisition, the Company withheld \$11 million out of \$60 million total cash consideration according to the Supplementary Definitive Agreement as the Escrow Fund in order to settle any potential claims from the Vendor's creditors against Mengapur Project and the Company.

**1.7 Off Balance Sheet Arrangements**

None.

**1.8 Transactions with Related Parties**

Refer to note 19 of the condensed consolidated financial statements as at September 30, 2012.

**1.9 Proposed Transactions**

None.

**1.10 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, the valuation of deferred consideration assets, 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.

**1.11 Financial Instruments – Risk Exposure and Other instruments**

The Company's financial instruments are classified as financial assets - loans and receivables (cash and cash equivalents, restricted cash, accounts receivable), financial liabilities – other financial liabilities (accounts payable, accrued liabilities) and the financial liabilities at fair value through profit or loss (forward purchase contracts, foreign currency share purchase warrants, convertible note inducement option).

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 convertible notes, gold forward inducement and 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 12 and 13 of the annual financial statements for the three month period ended September 30, 2012).

Based on the net exposures as at September 30, 2012 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 \$124,813 (June 30, 2012 – increase \$220,048) in the Company's net income, depreciation or appreciation of the CAD against US dollar would result in an decrease/increase of approximately \$8,312 (June 30, 2012 – increase \$428,810) in net income.

**Commodity price risk**

The Company values the contract inducement derivative liabilities (Note 12) 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 September 30, 2012 and assuming that all other variables remain constant, a 5% increase/decrease in the gold market price would result in unrealized fair value loss/income of approximately \$435,177 (June 30, 2012 - \$377,517) in the Company's net income.

Other price risk

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

The Company values the warrant derivative liabilities at fair value using the Black-Scholes option pricing model and record gains and losses to other income. As at September 30, 2012 and assuming that all other variables remain constant, a 5% increase/decrease in the market price of the Company's shares would result in unrealized fair value loss/income of approximately \$75,663 (June 30, 2012 - \$68,948) 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

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

The Company's credit risk is attributable to its liquid financial assets. The Company established an investment policy to avoid any investments other than government t-bills, term deposits guaranteed by major Canadian financial institutions, or term deposits at major Malaysian banks which are guaranteed by the Malaysian government.

The Company's credit risk on the trade accounts receivable is negligible and the balances were collected subsequent to end of reporting period.

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents in the amount of \$5,328,612 (September 30, 2011 - \$320,000) is held with a Malaysian financial institution. The amount of \$31,152,411 (September 30, 2011 - \$59,557,000) is held with a Canadian financial institution.

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. The Company's convertible notes are due to be settled in August 2015.

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### **1.12 Outstanding Share Data**

The following details the share capital structure as at November 28, 2012, the date of this MD&A.

Exercise Price,	Number of common shares	Expiry date
<b>Common shares</b>	<b>209,258,030</b>	
<b>Common shares stock options</b>		
CAD 0.40	13,060,000	Aug 15, 2013
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	1,600,000	Jun 08, 2013
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 7, 2017
CAD 0.455	1,000,000	Sep 17, 2017
<b>Total</b>	<b>23,105,501</b>	
<b>Convertible note to shares</b>		
CAD 0.40	20,000,000	Aug 11, 2015
<b>Total</b>	<b>20,000,000</b>	
<b>Share purchase warrants</b>		
CAD 0.50	5,000,000	Aug 11, 2015
<b>Total</b>	<b>5,000,000</b>	

### **1.13 Risks and Uncertainties**

Monument Mining Limited is an exploration, development and gold production company which looks for gold resources. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into production. Major expenses may be required 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 impact on mine ability and recoverability, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company has 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.

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

***Title to mineral property interests***

Although the Company has taken steps to verify the title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to 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 Star Destiny Sdn. Bhd. 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 market, debt financing and cash flow generated from current production, which are largely influenced by integrated world and regional economies which are out of the Company's control. The management has successfully mitigated those risks in the past through exercise of due care, experiences 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 at 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.

**1.14 Disclosure Controls and Internal Controls over Financial Reporting*****Disclosure Controls and Procedures***

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

An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of 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 September 30, 2012.

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 weakness.

**Inventory control:**

The Company's Inventory system is operated manually, therefore, it is exposed to risk of human errors and is not considered efficient. Inventory software was purchased but the development has not been completed. The Company has engaged a consulting firm to design an inventory system and the work is in progress.

**Gold Security:**

In March 2012, the Company broke up a gold stealing syndicate at Selinsing. The Company has called in the Malaysian Police for an immediate investigation and engaged Gold Security Group ("GSG") from Perth, Australia to assist local police investigation, conduct

security audit in identifying weakness of control over security and assist to design 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 "unit 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

**MANAGEMENT'S DISCUSSION & ANALYSIS**

For the quarter ended September 30, 2012  
(in United States dollars, except where noted)

**Form51-102F**

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's 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.