

1.1 Date

The following management discussion and analysis of Monument Mining Limited ("Monument" or the "Company") as of November 27, 2009 should be read in conjunction with the unaudited consolidated financial statements for the three-month ended September 30, 2009 and related notes, and with the Company's audited consolidated financial statements for the year ended June 30, 2009 ("fiscal 2009") and related notes included therein, which have been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP).

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

Forward Looking Statements

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

1.2 Overview

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

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

In June 2007, the Company acquired these primary properties and commenced immediately preliminary work to further develop Selinsing operation site and exploration work to confirm mineral resources at Buffalo Reef. In July 2008, after obtaining \$28 million additional capital and \$10 million credit facility, the Company made a strategic move starting construction of a 1200 tpd gold treatment plant at Selinsing targeting commercial gold production in December 2009. In the meantime, the Company also focused on increasing the gold resources through exploration activities carried out on the Buffalo Reef prospect.

During the worldwide financial crisis in 2008 and 2009, default of the delivery of the \$10 million credit facility adversely impacted on the Selinsing gold plant construction, resulting in the original construction plan being amended into two phases: Phase I gravity plant to be constructed by cash on hand, and Phase II CIL (carbon in leach) plant to be funded by the cash generated from the gravity plant and/or additional capital raising. Despite complex operations and certain delays caused by the two-stage construction, in the first quarter ended September 30, 2009, the phase I gravity circuit was placed into the commissioning phase. In October 2009, subsequent to the quarter end, the Company made its first gold pour from the gravity plant.

High Lights for the first quarter of fiscal 2010

1. Major components of the gravity plant were installed and commissioned including the crushing plant, the ball mill circuit, gravity recovery circuit equipment, and post commissioning continued throughout the quarter and into the next quarter;
2. Mining activities commenced from the beginning of July 2009, mining equipment was mobilized to the mine site and a mining contractor's workshop and camp site were established; Excavation started in the first week of July by removing slide material from an old open pit;
3. Subsequent to the quarter end, the first gold was poured from the gravity plant; and
4. The Annual General Shareholders' meeting was held on November 9, 2009, at which the existing board members were re-elected unopposed.

1.2.1 Property Agreements**Acquisition of Selinsing Gold Project**

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

Acquisition of Damar Consolidated Exploration Sdn. Bhd.

Concurrently with acquisition of the Selinsing Gold Project, the Company acquired 100% of the shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a company incorporated under the Law of Malaysia, from Avocet Mining PLC ("Avocet"), the parent company of Damar located in London, United Kingdom; thereby effectively acquiring the Buffalo Reef property, which is contiguous and continuous with the Selinsing Gold Project for approximately 4.2 kilometers along the regional gold trend. A total of \$1,750,000 cash, 15,000,000 fully paid treasury shares at \$0.50 per share and 7,500,000 share purchase warrants was paid as consideration to acquire 100% of the Damar shares and an Avocet promissory note payable of \$1,722,868 (RM5,573,824).

A Letter of Intent to Acquire an Additional Exploration Land Package

On January 14, 2008, the Company signed a Letter Of Intent ("LOI") with Famehub Venture Sdn Bhd. ("Famehub") to acquire an additional exploration land package adjacent to and nearby its present Selinsing Gold Project and adjoining exploration targets at Buffalo Reef. Pursuant to the LOI, Famehub has agreed to sell and Monument has agreed to purchase a land package of approximately 32,000 acres of prospective exploration land and associated data base. This land is located to the east of Selinsing's Gold Project and Buffalo Reef exploration property, commencing approximately 500 meters from the existing ground held under the above two project's eastern boundaries.

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

The consideration is comprised of CAD\$1,500,000 cash and 7,000,000 fully paid shares in Monument and 3,500,000 share purchase warrants exercisable at \$1.00 for two years from the date of issuance. A \$50,000 deposit was paid down to secure the transaction.

The LOI forms the basis of a legal and binding agreement which will be prepared by a jointly agreed legal counsel. The final close of the transaction will be subject to approval of the Pahang State Executive Council in Malaysia and the acceptance by the TSX Venture Exchange.

1.2.2 Projects Update

Selinsing Gold Project

The Selinsing Gold Project ("Selinsing Project") is located at Bukit Selinsing near Sungai Koyan, approximately 65 km north of Raub and 40 km west of Kuala Lipis on the lineament known as the Raub Bentong Suture, at approximately 04015'00"N latitude, 101047'10"E longitude.

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

During the first quarter of fiscal 2010 the Selinsing Project continued with a 1,200 ptd gold treatment plant ("Gold Plant") construction and mine site development.

Gold Plant Construction

During first quarter of fiscal 2010, all major components of the gravity circuit were installed and commissioned; The electrical equipment, associated infrastructure and electrical switchgear including transformers were installed at the power sub-station, which was completed and handed over to the Malaysian National hydro power provider in the previous quarter. The final design of tailing storage facility was completed in the first quarter and the construction management of the tailing storage facility was initiated. The Phase I water supply was completed in the first quarter in time for commissioning.

By the end of first quarter of fiscal 2009, 62% of the construction work was completed at a total cost of C\$10.5 million in line with budget, which resulted mainly from a 77% completion in preliminary work, a 94% completion in Engineering Design, a 90% completion in Earth work and Infrastructure, a 100% completion of crusher, ball mill installation, 100% completion of gravity recovery and cyclone tower and the TNB Hydro Power Sub-station Building, and 62% completion of elution circuit and gold room. The CIL plant has progressed in parallel with commissioning of the gravity plant and is scheduled for commencement of commissioning later in December 2009 and into the next quarter.

Mining

In the beginning of the first quarter, site preparation work took place. The mining contract was awarded to Minetech Construction Sdn Bhd followed by contractor mobilization, main access road construction, dump site clearing and stock pile levelling for stage I and II open pit mining operations.

Mining excavation started in the first week of July by removing slide material from 500 m RL at the eastern slope of the pit, while dewatering of an old mining area and sampling drilling at 557 m RL. Sampling drill started at the same time. Drill sample assays were outsourced to Performance Labs in Raub while the company's laboratory was being commissioned. Low equipments availability caused delays in mining face development hence low total tonnage mined in July and August. In the month of September, equipment availability was improved and frequent night works contributed to higher production.

In the early part of the first quarter, the mining scheme and blasting permit application were delivered and the blasting permit was received. The Stage I mining scheme was approved by Mineral and Geosciences Department.

Administrative facilities and other Infrastructure

Administrative facilities include the office buildings, staff quarters, canteen, laboratory and warehouse, were all completed except for the warehouse which is under construction. During the first quarter of fiscal 2010 an additional accommodation was completed and occupied. The cost of administration facilities up to date totalled \$698,885.

Environmental Impact Study, Permits

The systematic and comprehensive Environmental Management Plan (the "EDP") for the Selinsing project was developed during the first quarter. The EDP documents the organizational structure, responsibilities, procedures, and resources that enable the Company to manage all relevant environmental issues and to effectively comply with environmental regulations over the long run. The EDP was completed and submitted to the Ministry of Environmental Department of Pahang state, Malaysia subsequent to the quarter end.

Labour Force

The first Quarter saw the ramp up in recruitment and training activities for the transition from Phase I construction to commissioning and operations. The strategy was to interview and hire non skilled and skilled labour from the adjoining communities and within the district of Kuala Lipis as a priority. Several professionally qualified people were also recruited from within the Kuala Lipis district in addition to Pahang State. The work force count increased from thirty five at the year ended June 30, 2009 to eighty six at the first quarter ended September 30. 2009.

Buffalo Reef Prospect

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

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

Up to the first quarter of fiscal 2009 and during fiscal 2008, the Company completed two drilling programs for 11,871 meters of reverse circulation drilling ("RC drilling") with 1,400 meters of diamond drilling pending at the South, Central and Northern Zone of Buffalo Reef. The assay results were announced by the Company through a series of news releases with a positive outlook confirming historic drill results (refer to www.sedar.com). These adjacent mineral exploration programs, if successful, are

expected to result in an increase in economic benefit for the planned mine development at Selinsing by adding potential resources within economic haulage distance of the Selinsing Gold Project.

The diamond drilling work included in Phase I program has not commenced due to financial constraints. The Company plans to study all of the results to date and, in conjunction with the proposed 3,200 meters of diamond program designed by Snowden Mining Industry Consultants ("Snowden"), to test the potential extension of these results at depth. The continuous work is toward being able to produce a NI43-101 compliant report on mineral resources for the Buffalo Reef Prospect. A metallurgical assessment is also planned to be conducted concurrently on fresh samples retrieved from this deeper drill program. The diamond drilling program was scheduled to commence in the second quarter of fiscal 2009 but was put on hold temporarily as a result of failure by the lender to proceed with the \$10 million credit facility.

1.3 Selected Annual Financial Information

Not required in interim MD&A.

1.4 Result of Operations

	Three Months ended September 30	
	2009	2008
Net loss for the period before taxes	\$ (751,741)	\$ (848,652)
Net loss for the period	\$ (751,741)	\$ (848,652)
Earnings (loss) per share	(0.00)	(0.01)
Weighted average number of common shares	155,671,006	135,218,612

For the three-month period ended September 30, 2009, the Company reported a net loss of \$751,741, or \$0.00 per share, compared to a net loss of \$848,652, or \$0.01 per share, reported for the corresponding period in 2008.

The operations expenses of \$791,518 for the first quarter of fiscal 2010 are comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance and stock-based compensation. Excluding stock-based compensation expenses of \$438,861, the Company incurred operating expenses of \$352,657 compared to operation expenses of \$430,456 for the same period of fiscal 2009.

General and administration expenses, decreased by 14% to \$228,031 in the first quarter of fiscal 2010 from \$263,718 in the same period of fiscal 2009, was comprised of salary expenses of \$151,584 (2009 - 158,706) and office rent, general office expenses \$76,447 (2009 - \$105,012). The decrease is mainly due to non-recurring costs from recruitment incurred in the same period of fiscal 2009.

Shareholder communications, conference and travel expenses totaled \$49,003 in the first quarter of fiscal 2010, decreased by \$90,318 from \$86,002 in the same period of fiscal 2009, reflecting budget cuts implemented as a result of the global recession. The regulatory and filing expense was \$5,673 in the first quarter of fiscal 2010 compared to \$18,551 in the first quarter of fiscal 2009, reflecting a filing fees paid to TSX-V for adoption of the new stock option plan in 2009. Legal, accounting and audit

expenses were \$65,375 in the first quarter of fiscal 2010 compared to \$58,836 in the same period of fiscal 2009; an increase is primarily due to review of a number of service contracts.

During the first quarter of fiscal 2010, the Company granted 800,000 share purchase options (2009 – 13,390,000) to its consultants, a fair value of stock-compensation estimate using a Black-Sholes pricing model totaled \$503,509 (2009 - \$701,824) was credited to contributed surplus, of which \$438,861 (2009 - \$528,027) was debited to operations, \$64,648 (2009 - \$173,797) was debited to deferred mineral exploration and development cost.

During the first quarter of fiscal 2010, the Company received \$23,111 (2009 - \$111,606) interest income generated from a cash balance. In the meantime, the Company incurred a foreign exchange gain of \$32,100 compared to \$1,775 foreign exchange loss in the same period last year due to stronger Canadian dollars compared to Malaysian Ringgit. During the first quarter, the Company settled all of forward foreign exchange contracts and the change in the fair value of the contracts of \$15,434 were charged to the operations.

1.5 Summary of Quarterly Results

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

	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009
From Continued Operations	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	376,614	593,876	299,584	848,652	902,217	758,015	990,066	751,741
Loss per share	0.00	0.01	0.01	0.01	0.01	0.00	0.01	0.00

1.6 Liquidity and Financial Condition

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

The Company's cash balance as at September 30, 2009 was \$3,439,067, decreased by \$2,743,535 from \$6,182,602 as at June 30, 2009. During the first quarter of fiscal 2010, \$557,889 was used in operations; \$2,184,476 was invested into mineral property development and the construction of the gold treatment plant; \$1,170 was expensed to issue common shares of the Company.

During the first quarter of fiscal 2010, the Company expended \$557,889 in operating activities compared to \$1,139,161 in fiscal 2008. Funds allocated to non-cash working capital in the first quarter of fiscal 2010 were \$164,714 compared to \$717,001 in the same period of fiscal 2009 while the accrued commission from the June 2009 private placement was paid out in July 2009.

During the first quarter of fiscal 2010, the total cash invested in mineral property maintenance and development, construction activities was increased to \$2,184,476 compared to \$564,667 in the same quarter of fiscal 2009 primarily due to cash consumed by constructing of the gravity plant and mine infrastructure development in the current quarter contrast to the pre-construction stage in the same period of fiscal 2009.

The Company's working capital as at September 30, 2009 was (\$146,073), compared to \$4,153,948 as at June 30, 2009. During the first quarter of fiscal 2010, shareholders' equity has decreased by \$115,354 attributed to \$134,048 from share issuance, \$503,509 from granting stock purchase options, offset by a deficit of \$751,741 resulting from operations.

1.7 Capital Resources

The Company's capital resources as at September 30, 2009 included cash and cash equivalents. The Company's primary sources of funding are through equity financing by issuance of its stocks and debt financing, or both.

Shares issued for debt

On September 25, 2009, the Company issued 475,000 Monument shares to settle a debt owing to Avocet. Avocet currently holds a 14.86% of Monument shares.

Avocet has been operating a gold mine in Malaysia since 1996 which is located approximately 45 kilometers from Monument's Selinsing property. Avocet has provided assistance to Monument in training mining and gold plant processing operators at Monument's Selinsing Gold Mine Project, which is moving forward gold production upon completion of commissioning of the Phase I Gravity Plant.

The training assistance costs \$134,048 (US\$131,600) and it was fully paid by issuance of 475,000 Monument shares at \$0.28 per share. All shares issued are subject to a four months holding period.

Contractual Obligations

As at September 30, 2009, the Company has aggregate commitments totaling \$3.5 million, including operating leases, mineral property fees and construction contracts as follows:

	2010	2011	2012	2013	2014	Total
Operating leases	\$ 55,263	\$ 39,132	\$ 40,342	\$ 28,847	\$ 19,098	\$ 182,683
Mineral property fees	40,899	54,174	41,988	-	-	137,060
Purchase commitment	3,143,972	-	-	-	-	3,143,972
	\$ 3,240,134	\$ 93,306	\$ 82,330	\$ 28,847	\$ 19,098	\$3,463,715

The Company's ability to continue its mine development activities and exploration activities, and to continue as a going concern, will depend on its ability to obtain suitable financing and to generate cash flow from its gravity plant production. Based on the current commitment to the construction and mine development, the Company will require financing to bridge the cash shortfall for its Phase II construction till adequate cash is generated from the existing gravity plant. This follows on from the default of the \$10,000,000 credit facility late in 2008 and so in the meantime the company will rely on the cash being generated by the gravity plant which is now fully commissioned. Financing will be also required to meet its planned development program, which includes funding for exploration, exploration land expansion and the existing plant extension to increase production.

1.8 Off Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Refer to note 7 of the interim consolidated financial statements.

1.10 Fourth Quarter

Not required for this MD&A.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

Refer to note 2(b) of the audited consolidated financial statements as at June 30, 2009.

1.13 Changes in Accounting Policies including Initial Adoption

Refer to note 2 of the unaudited consolidated financial statements as at September 30, 2009.

1.14 Financial Instruments and Other instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(i) Market risk

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

Currency risk

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received by the Company are not denominated in Canadian dollars. The majority of the Company's expenditures for property, plant and equipment and mineral property interests are in Malaysian ringgit and Australian dollars. The Company's ability to make these payments to satisfy its obligations for work commitments will be affected by foreign currency rate fluctuations. The Company is also exposed to foreign currency risk to the extent that it holds cash in Malaysian ringgit. As at September 30, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Malaysian ringgit:

In thousands of Ringgit	September 30, 2009	June 30, 2009
Cash and cash equivalents	RM 1,287	RM 6,590
Restricted cash	370	221
Fair value on forward contracts	-	31
Accounts receivable	7	13
Deposits and advances	2,550	2,892
Accounts payable and accrued liabilities	(10,901)	(5,749)

Based on the above net exposures as at September 30, 2009, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar against the Malaysian ringgit would result in an increase/decrease of 462,000 Malaysian Ringgit (CAN\$143,000) in the Company's net losses.

Other Price risk

Other price risk is the risk that the fair 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 is in the business of exploring and developing gold mineral resources which are valued at price of gold metals and its outlook. The Company is currently not in full production as yet, therefore it is neither exposed to the gold price risk nor have any hedging or other commodity based price risk in respect of its operational activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash equivalents and financial liabilities. However, this risk is limited because of the short-term maturity of these instruments. a 1% increase or decrease in prime rate would have resulted in a \$48,108 change to net loss at September 30, 2009. The Company manages interest rate risk by maintaining an interest policy that focuses on preservation of capital liquidity but keeps the cash in short term investment at fixed rates as long as possible.

ii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets. The Company's board of director has established an investment policy to secure the "ground money" by avoiding any investment 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 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.

As at September 30, 2009, the Company held aggregate prepaid items and deposits of \$795,809, mainly representing contractual prepayments to its awarded gold processing plant construction contractors at Selinsing Gold Mine Project. The risk exposure is to the extent if any of those contractors fail to deliver under their contracts and are unable to refund the deposits. The Company's management has conducted full due diligence on those awarded contractors through its preliminary screening program to mitigate such risk.

iii) Liquidity risk

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

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

	Total	under 3 months	4 to 12 months	1 to 5 Years
Accounts payable and accrued liabilities	\$ 3,143,972	\$ 3,143,972	\$ -	\$ -

1.15 Outstanding Share Data

The following details the share capital structure as at November 27, 2009, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Remaining life / Expiry date	Exercise price	Number of securities	Total
Common shares				156,115,028
Stock options				
	July 5, 2012	\$0.50	3,300,000	
	February 18, 2011	\$0.58	70,000	
	August 15, 2013	\$0.40	13,390,000	
	December 5, 2012	\$0.50	400,000	
	December 5, 2013	\$0.40	230,000	
	December 5, 2013	\$0.25	1,736,000	
	February 9, 2014	\$0.25	550,000	
	July 29, 2012	\$0.30	<u>800,000</u>	20,476,000
Warrants				
	July 21, 2011	\$0.50	70,120,000	
	August 19, 2013	\$0.50	<u>8,125,003</u>	78,245,003

1.16 Risks and Uncertainties

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

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

The Company has no producing mines, however has limited cash flow from the recently commissioned gravity plant, and has no source of operating cash flow other than through debt and/or equity financing and the above. Any further significant work would likely require additional equity or debt financing. The Company has very limited financial resources and there is no

assurance that additional funding will be available to allow the Company to proceed with any plans for exploration and development of its mineral properties.

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

(a) Title to mineral property interests

Although the Company has taken steps to verify the title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defect. To the best of the Company's knowledge, title to its property is in good standing.

(b) Realization of assets

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

(c) Environmental

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

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

(d) Reserves and resource estimates

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

1.17 Disclosure Controls and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of September 30, 2009, by and under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the disclosure controls and procedures, as defined in Canada by Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings are effective to ensure that (i) information required to be disclosed in reports that are filed or submitted under Canadian securities legislation and the Exchange Act is recorded, processed, summarized and reported within the time periods specified in those rules and forms; and (ii) material information relating to the Company is accumulated and communicated to the Company's management, including the CEO and CFO, or persons performing similar functions.

Internal Controls over Financial Reporting

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

The Company's management, including the CEO and CFO, has evaluated the effectiveness of the internal controls over financial reporting. Based on this evaluation, management has concluded that internal controls over financial reporting were designed effectively as of September 30, 2009.

As a result of this review it was determined that there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting, except the internal control has been extended to include the subsidiaries located in Malaysia. During the first quarter of fiscal 2010, the Company established further control over the gold production at its subsidiaries.

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