

### 1.1 Date

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The following management discussion and analysis of Monument Mining Limited ("Monument" or the "Company") as of September 28, 2009 should be read in conjunction with the 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](http://www.monumentmining.com) and at [www.sedar.com](http://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

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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.

On July 21, 2008, subsequent to acquisition of its primary gold mineral properties and further development of those properties during the previous one and a half years, the Company closed a \$38 million financing comprising \$28M through a private placement and a \$10 million credit facility secured by a Convertible Debenture. This allowed the Company to make a strategic move towards construction of a gold treatment plant on its Selinsing Project to place the Selinsing Property into commercial production; The Company also focused on increasing the gold resources through exploration activities carried out on the Buffalo Reef prospect.

**Selinsing Gold Project** was undertaking gold treatment plant construction during fiscal 2009. On October 31, 2008, the Company announced that with receipt of government approval to construct the 1,200 tpd gold treatment plant, the Board of Directors resolved to place its 100% Selinsing Gold Project ("Selinsing") into commercial production. Concurrently, the Board approved a CDN\$17.0 Million construction and development budget targeting full production in Q4 calendar 2009.

During the second quarter of fiscal 2009, delivery of the \$10 million credit facility was defaulted on by the lenders due to the global recession and credit restrictions. To overcome financing shortfalls, the Company announced a proposal for an Amended Gold Production Plan in December 2008. The Amended Gold Production Plan was finalized in February 2009 under which construction of the 1,200 tpd Gold Treatment Plant was re-engineered into two stages: Phase I Gravity Plant and Phase II CIL (carbon in leach) Plant. The Phase I Gravity Plant was scheduled to be commissioned in August 2009 at an estimated total cost of \$10 million funded internally. The commencement of production of the gravity plant was planned for September. Cash generated from gold sales will be used to fund continuing construction of the CIL Plant at an estimated cost of \$7 million with commissioning anticipated in December 2009. As at June 30, 2009, an aggregate \$7 million was spent on the gravity plant construction, mine site buildings and other facilities.

In early July, 2009, subsequent to the year-end, open-pit mining commenced at Selinsing Gold Project upon receipt of a mining permit from the Malaysian authorities. In late August, 2009, a controlled and staged commissioning of the Gravity Plant started through the use of its portable generator sets. Thereafter electrical power was connected by Tenaga Nasional Berhad ("TNB"), the Government owned hydro power supplier, to the sub-station at the Selinsing Gold Project.

As at June 30, 2009, a total of \$142,000 was prepaid to suppliers to secure equipment for Phase II, CIL circuit construction. Civil work and CIL tank foundation have been initiated in parallel with Phase I construction in the third quarter of fiscal 2009. Phase II construction is on schedule and it is expected that the entire plant will be fully commissioned by the end of December 2009.

**Buffalo Reef Prospect** completed its Phase I and Phase II exploration programs in the first quarter of fiscal 2009 except for the 1,400 meters of diamond drilling. There was no significant work conducted thereafter primarily due to failure of delivery of \$10 million credit facility. A 3,200m diamond drilling program has been put on hold temporarily and will be initiated upon receipt of further funding for the exploration program.

### ***1.2.1 Property Agreements***

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#### **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. 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 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 target 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 consolidates the area holdings. The land acquisition advances 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 provides 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 was also 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 a base of a legal 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.

### **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 resource of Selinsing Gold Project is 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 fiscal 2009 the Selinsing Project focused on a 1,200 ptd gold treatment plant ("Gold Plant") construction and mine site development. Primary activities included infrastructure development, engineering design, Gravity Plant construction, tailing storage facilities development, open pit development and site buildings construction. The construction variance report shows the Gold Plant project is expected on time and on budget.

#### **Gold Plant Construction**

During fiscal 2009, three major pre-qualified local Malaysian companies, among other contractors, were awarded to undertake construction work at Selinsing Project: Globeford Sdn. Bhd. ("Globeford"), Seong Heng Engineering Work Sdn. Bhd. ("SHEW") and Bun Foong Sdn. Bhd. ("BFSB"). Globeford is engaged to design, fabricate and install the material handling system for the

crushing plant and its components; SHEW was selected as a civil & structural contractor and BFSB was designated as electrical contractor respectively.

By the end of fiscal 2009, 40% of the construction work was completed at a total cost of C\$6.2 million, which resulted mainly from a 68% completion in preliminary work, a 87% completion in Engineering Design, a 90% completion in Earth work and Infrastructure, a 71% completion of crusher installation, a 74% completion in Ball Mill Refurbishing and Installation, a 27% completion of gravity recovery and cyclone tower, and a 100% completion in the TNB Hydro Power Sub-station Building.

#### Administrative facilities and other Infrastructure

Administrative facilities and other infrastructure include the office buildings, staff quarters, canteen, laboratory and warehouse. The administrative building, the staff quarter and the plant site office were completed as at June 30, 2009 with total cost of \$611,000, in line with the budget. In August 2009, subsequent to the year end, the canteen and laboratory have been completed and put in use. The upgrading of existing mine office and pump station was initiated at the end of fiscal 2009.

#### Environmental Impact Study, Permits

The Company takes an integrated and preventive approach in regard of environmental management with strong focus on self enforcement and surveillance capability. During fiscal 2009, the Company completed a preliminary environmental impact assessment program costing \$26,496. As a result, an "Environmental Impact Assessment Report" ("EIA" report) was submitted to and approved by the Department of Environment, Pahang, Malaysia. Consequently, the Company obtained a permit to construct and develop the gold treatment plant and related infrastructure. The Company has also obtained a conditional permit to mine.

#### Safety, Health, Training and Community Relation

The Company through its operating subsidiaries has reviewed certain operating control processes including security control, safety and health management and community relation management. The Safety Management Plan, Environmental Management Plan and Community Relation Management Plan were drafted and submitted to the senior management for review. The authorization matrix was approved by the board of directors.

#### **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 through 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 positive outlook confirming historic drill results (refer to [www.sedar.com](http://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.

During fiscal 2009, 3,131 meters RC drilling was completed for \$148,000. A total 7,030 samples from two drilling programs were assayed costing \$117,000. \$125,000 spent on metallurgical test and survey during the year due to property investigation, of which \$23,000 was spent under the collaboration program with a group of geologists from local and overseas universities to understand the regional mineralization. The outcome of the study will be used to assist in planning future drilling program and identify further drill targets.

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 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**

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars except common shares outstanding.

BALANCE SHEET	Year Ended June 30, 2009	Year Ended June 30, 2008	Period Ended June 30, 2007
Current assets	\$ 6,263,962	\$ 7,491,928	\$ 4,746,428
Other assets	56,837,573	47,431,649	41,411,241
Total assets	63,101,535	54,923,577	45,857,669
Current liabilities	2,110,014	3,771,936	9,165,024
Other liabilities	2,288,102	830,537	948,800
Shareholders' equity	58,703,419	50,321,104	35,743,845
Total shareholders' liabilities and equity	63,101,535	54,923,577	45,857,669
Working capital	\$ 4,153,948	\$ 3,719,992	\$ (4,418,596)

OPERATIONS	June 30, 2009	June 30, 2008	June 30, 2007 (Four-month)
General and administrative expenses	\$ (3,442,973)	\$ (3,141,977)	\$ (114,004)
Amortization	(13,624)	(10,516)	(892)
Other earnings (expenses)	(41,320)	41,400	(33,627)
Earnings (loss) from continued operations	(3,497,917)	(3,111,093)	(148,523)
Current income tax	(1,033)	-	-
Future income tax recovery	-	225,800	222,000
Earnings (loss) from discontinued operations	-	-	62,239
Gain (loss) from discontinued operations	-	-	642,572
Net earnings (loss) for the period	\$ (3,498,950)	\$ (2,885,293)	\$ 778,228
Basic and diluted earnings (loss) per share from continued operations	\$ (0.02)	\$ (0.04)	\$ (0.02)
Basic and diluted earnings (loss) per share from discontinued operations			
Weighted average number of common shares outstanding	\$ - 150,492,713	\$ - 77,394,302	\$ (0.01) 12,864,582

#### 1.4 Result of Operations

	Three Months ended June 30		Year ended June 30	
	2009	2008	2009	2008
Net loss for the period before taxes	\$ (989,033)	\$ (525,384)	\$ (3,497,917)	\$ (3,111,093)
Net loss for the period	\$ (990,066)	\$ (299,584)	\$ (3,498,950)	\$ (2,885,293)
Earnings (loss) per share	(0.01)	(0.00)	(0.02)	(0.04)
Weighted average number of common shares	155,640,028	77,395,025	150,492,713	77,394,302

The result from the operations for fiscal 2009 showed a net loss of \$ 3,497,917 before income taxes as compared to a net loss of \$3,111,093 for the year ended June 30, 2008 ("fiscal 2008"). An increase of \$386,824 in losses reflects higher level of general and administrative activities at the near production stage.

The operations expenses of \$3,456,597 for fiscal 2009 (2008 - \$3,152,493) are comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance and stock-based compensation. Excluding stock-based compensation expenses of \$1,416,204 (2008 - \$1,458,240), the Company incurred operating expenses of \$2,040,393 compared to operation expenses of \$1,694,253 for fiscal 2008.

General and administration expenses totaling \$1,168,403 (2008 - \$818,483) was comprised of salary expenses of \$665,956 (2008 - \$462,143), financial and management consulting service \$206,953 (2008 - \$213,610), and office rent, office services and others of \$295,494 (2008 - \$142,730) including financing charge of \$90,386 that was written off to earnings due to default of \$10 million credit facilities. The total general and administrative expenses were increased by \$349,920 compared to fiscal 2008 attributed mainly to salaries for new hiring, salary rate adjustment and director's fees.

Shareholder communications, conference and travel expenses totaled \$532,120; a decrease by \$90,318 reflecting budget cuts implemented as a result of the global recession. The regulatory and filing expense was \$46,160 compared to \$33,965 in fiscal 2008. Legal, accounting and audit expenses were \$280,086 compared to \$208,850; an increase by \$71,236 reflected the additional legal costs related to a number of construction service contracts awarded to suppliers, legal action against Sim Tze Chui AKA Jyn Tze Baker et al. ("the Defendants") for defamation, and the additional fees charged for the last fiscal year's audit not budgeted.

During fiscal 2009, the Company granted 18,306,000 share purchase options (2008 - 4,670,000) to its directors, officers, employees and consultants, a fair value of stock-compensation estimate using a Black-Sholes pricing model totaled \$1,890,837 (2008 - \$1,596,552) was credited to contributed surplus, of which \$1,416,204 (2008 - \$1,458,240) was debited to operations, \$474,633 (2008 - \$138,312) was debited to deferred mineral exploration and development cost.

During fiscal 2009, the Company received \$311,591 (2008 - \$109,955) interest income generated from a cash balance due to cash proceeds received from the private placement at the beginning of the year. In the meantime, the Company incurred a foreign exchange loss of \$285,111 compared to \$68,555 in the same period last year due to decline in Canadian dollar compared to Malaysian Ringgit. During the year, the Company set up a series of forward foreign exchange contracts and the change in the fair value of the contracts of \$61,245 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:

	Jun. 30, 2007	Sep. 30, 2007 <sup>(1)</sup>	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009
<b>From Continued Operations</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	(73,477)	1,615,219	376,614	593,876	299,584	848,652	902,217	758,015	990,066
Loss per share	(0.01)	0.02	0.00	0.01	0.01	0.01	0.01	0.00	0.01
<b>From discontinued operations for sale</b>									
Revenue	324,487	—	—	—	—	—	—	—	—
Net loss	(62,239)	—	—	—	—	—	—	—	—
Loss per share	(0.01)	—	—	—	—	—	—	—	—

(1) Increase of net loss in quarter ended September 20, 2007 is due to stock based compensation expenses were charged to operations.

(2) Increase in quarterly net loss from fiscal 2008 to date was primarily due to the change of business type from medical research to mineral exploration and mine development, and increased stock-based compensation expenses charged to operations resulted from stock purchase options granted over these periods.

### 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 June 30, 2009 was \$6,182,602, decreased by \$1,163,964 from \$7,346,566 as at June 30, 2008. During fiscal 2009, \$1,750,272 was used in operations; \$8,691,447 was invested into exploration programs, mineral property development and the construction of the gold treatment plant; a net \$9,277,755 was generated from the private placement closed on July 21, 2008, comprised of \$12,185,000 cash receipt from the balance of the \$28,048,000 subscriptions, offset by share issuance costs of \$2,907,245; and \$76,843 was financed from third parties under capital leasing.

During fiscal 2009, the Company expended \$1,750,272 in operating activities compared to \$1,642,337 in fiscal 2008. Funds allocated to non-cash working capital in fiscal 2009 were \$328,953 compared to \$629,873 in fiscal 2008.

During fiscal 2009, the total cash invested in mineral property maintenance and development, construction activities was increased to \$8,768,290 compared to \$1,743,446 primarily due to cash consumed by constructing of the gravity plant and mine infrastructure development and other pre-production cost.

The Company's working capital as at June 30, 2009 was \$4,153,948 compared to \$3,719,992 as at June 30, 2008, increased by \$433,956 mainly due to cash receipt upon completion of the \$28,048,000 financing during the first quarter of fiscal 2009, partially offset by funding construction and mineral properties, and pre-payment to secure construction service contracts.

During fiscal 2009, shareholders' equity has increased by \$8,382,315 attributed to \$12,527,756 from share issuance, \$1,890,837 from granting stock purchase options, offset by a deficit of \$3,498,950 resulting from operations and an additional shareholder's deficit of \$2,537,328 reflecting the difference between the purchase price and the vendor's book value of the ball mill. As the fair value of the ball mill cannot be obtained from the market for this non-arms length transaction, \$2,537,328 was written off to retained earnings.

### 1.7 Capital Resources

The Company's capital resources as at June 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.

#### (a) Private placement

On July 21, 2008, the Company closed a private placement for total gross proceeds of \$28,048,000 by issuing 70,120,000 units at \$0.40 per unit, each unit comprising one fully paid share and one common share purchase warrant entitling the investor to purchase one additional common share of the Issuer at \$0.50 per share for a three-year term from closing. Costs of the financing include a 10% agent fee in the amount of \$2,804,800 and other associated legal and filing fees of \$79,389.

The funds were raised to construct a 1200 tpd CIL treatment plant with a gold production capacity of up to 40,000 ounces per year, to commence development of the open cut gold project, acquire two reverse circulation/diamond drill rigs in order to continue and expand its exploration program on Damar's Buffalo Reef property which is adjacent to the Company's Selinsing Gold Mine Project and elsewhere. The funds will also be used for other general working capital purposes.

#### (b) Convertible credit facility

Concurrently with the equity financing, the Company entered into a convertible credit facility for up to \$10.0 million.

The Company served a Drawdown Notice (the "Notice") to the Lenders after complying with all of the terms of the Convertible Debenture. The Notice required the Lenders to provide the \$10.0 M on or by the December 12, 2008. Monument received a

letter from the Lenders on December 3, 2008 advising that due to market conditions and the global credit melt down the Lenders would be unable to provide the funding.

(c) Ball Mill Purchase

On August 19, 2008, upon TSX Venture Exchange's acceptance of the Ball Mill Purchase Agreement between the Company and Avocet Mining PLC ("Avocet"), the Company purchased a 1.0 million tons per year capacity ball mill from Avocet. Consideration of \$3,250,001 for the mill was paid by the issuance of 8,125,003 units at \$0.40 per unit, at the same price and the same terms as the private placement disclosed above, with each unit representing one share and one share purchase warrant exercisable at \$0.50 for three years from date of issuance. The cost to close the transaction was \$23,055. Avocet is a greater than 10% shareholder of the Company.

(d) Contractual Obligations

As at June 30, 2009, the Company has aggregate commitment totaled \$5.1 million, including capital leases, office rent, mineral property fees and construction contracts as follows:

	2010	2011	2012	2013	2014	Total
Office lease	\$ 67,285	\$ 68,495	\$ 69,705	\$ 35,220	\$ 4,365	\$ 245,070
Mineral property fees	58,005	57,828	44,821	-	-	160,654
Capital leases	18,032	18,032	18,032	18,032	16,023	88,151
Construction - Selinsing	4,966,692	-	-	-	-	4,966,692
	\$ 5,110,014	\$ 144,355	\$ 132,558	\$ 53,252	\$ 20,388	\$ 5,460,567

**1.8 Off Balance Sheet Arrangements**

Not applicable.

**1.9 Transactions with Related Parties**

Refer to note 13 of the Consolidated Financial Statements.

**1.10 Fourth Quarter**

The result from the operations for the fourth quarter ended June 30, 2009 showed a net loss of \$989,033 before income taxes as compared to a net loss of \$525,384 for the fourth quarter ended June 30, 2008. An increase of \$463,649 in losses reflects higher level of general and administrative activities at the near production stage.

The operations expenses of \$738,608 for the fourth quarter of fiscal 2009 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 \$244,930 (2008 - \$79,640), the Company incurred operating expenses of \$493,678 in line with operation expenses of \$501,283 for the same quarter of fiscal 2008.

General and administration expended \$353,993 in the fourth quarter of fiscal 2009 compared to \$261,872 in the same quarter of last year, an increase in \$92,121 was primarily due to additional human resources hired in the head office. Shareholder communications and travel expended totaled \$89,965 in the fourth quarter of this year compared to \$156,348 in the same quarter of the last year, a decrease by \$66,383 reflected budget cut from the global recession. The regulatory and filing expense was \$3,353 in the fourth quarter of fiscal 2009 compared to \$5,805 in the same quarter of fiscal 2008. Legal, accounting and audit expenses were \$42,961 in the fourth quarter of this year compared to \$77,257 in the same quarter of fiscal 2008, decreased by \$4,296 due to timing.

No share purchase options granted in the fourth quarter for fiscal 2009 and 2008. Stock-based compensation expended \$244,930 in the fourth quarter of fiscal 2009 compared to \$79,640 in the same quarter of fiscal 2008 reflected an increased cost to the Company due to a number of new stock options granted this year to its directors, officers, employees and consultants.

During the fourth quarter of fiscal 2009, the Company received \$35,633 interest income compared to \$25,539 in the same quarter of fiscal 2008.

#### ***1.11 Proposed Transactions***

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None.

#### ***1.12 Critical Accounting Estimates***

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Refer to note 2(b) of the Consolidated Financial Statements.

#### ***1.13 Changes in Accounting Policies including Initial Adoption***

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Refer to note 3 of the Consolidated Financial Statements.

#### ***1.14 Financial Instruments and Other instruments***

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Refer to note 5 of the Consolidated Financial Statements.

**1.15 Outstanding Share Data**

The following details the share capital structure as at September 28, 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>	20,176,000
Warrants				
	July 21, 2011	\$0.50	70,120,000	
	August 19, 2013	\$0.50	<u>8,125,003</u>	78,245,003

On September 25, 2009, the Company issued 475,000 Monument shares at \$0.28 per share to settle a debt owing to Avocet Mining PLC in the amount of \$134,048, Avocet holds 15.1% of Monument shares.

**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 and has no source of operating cash flow other than through debt and/or equity financing. 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 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.

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***1.17 Disclosure Controls and Internal Controls over Financial Reporting***

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**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, 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 revaluation, management has concluded that internal controls over financial reporting were designed effectively as of June 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 fiscal year 2009, the Company established further control as to authorization matrix approved by the board of directors 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.