

MANAGEMENT'S DISCUSSION AND ANALYSIS



**YEAR ENDED
JUNE 30, 2019**

MONARCH GOLD CORPORATION

68, AVENUE DE LA GARE, SUITE 205

SAINT-SAUVEUR (QUÉBEC) J0R 1R0

TEL.: 1-888-994-4465

TSX : MQR

WWW.MONARQUESGOLD.COM



Management's discussion and analysis

Year ended June 30, 2019

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The Management's Discussion and Analysis ("MD&A") is dated September 24, 2019 and is intended to help readers become more familiar with the activities of Monarch Gold Corporation (the "Company" or "Monarch") and the highlights of its financial results. In particular, it explains the changes in financial position and results for the three-month period and the year ended June 30, 2019 and a comparison of its statements of financial position as at June 30, 2019 and June 30, 2018.

This management's discussion and analysis, prepared in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2019 and the accompanying notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As a result, all comparative financial information presented in this MD&A reflects the consistent application of IFRS.

The audited consolidated financial statements and this management report were reviewed by the Audit Committee and approved by the Company's Board of Directors on 24 September 2019. Unless otherwise indicated, all amounts presented in this MD&A are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of the Company that are not historical data, are forward-looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other similar terms and expressions. These statements are based on information available at the time they are made, on assumptions and expectations by management, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section entitled Risks and uncertainties). These forward-looking statements include, but are not limited to, the Company's business objectives and its plans to develop the Wasamac gold deposit. The actual results for the Company could differ materially from those expressed or implied in these forward-looking statements. As such, it is recommended not to place undue reliance on forward-looking statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Company does not intend to update these forward-looking statements to reflect, in particular, new information or future events, and it is by no means committed to doing so.

DESCRIPTION OF THE COMPANY

Monarch is an emerging gold mining company whose objective is to continue its expansion through its large portfolio of quality projects located in the Abitibi mining camp in Québec, Canada. The Company currently owns nearly 300 km² of gold properties including the Wasamac deposit, the Beaufor mine, the Croinor Gold, McKenzie Break, Fayolle and Swanson advanced projects, the Camflo and Beacon mills, as well as other promising exploration projects. It also offers custom machining services from its Camflo plant with a capacity of 1,600 tonnes per day.

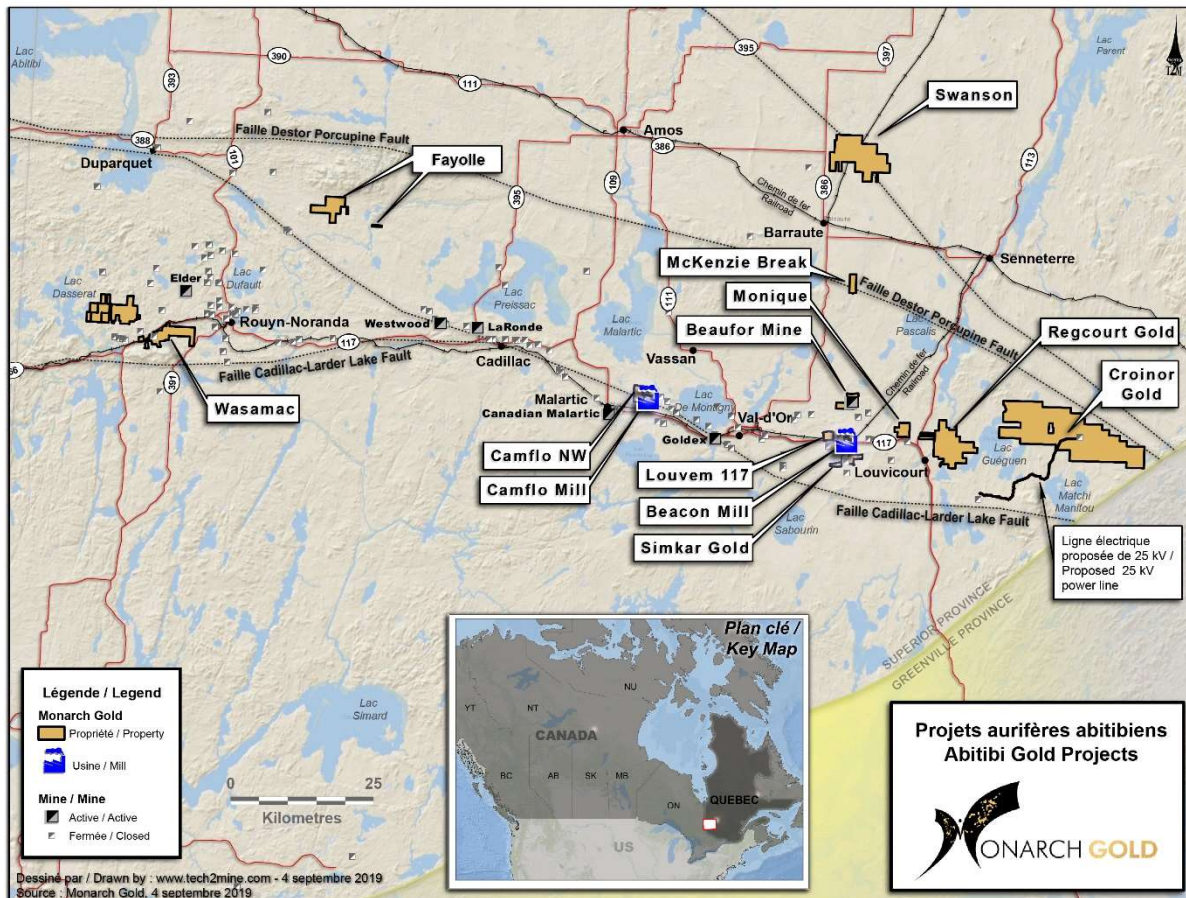
The Company has determined that one of its mining properties, the Wasamac property, contains economically recoverable ore reserves, in accordance with a NI 43-101 feasibility study prepared by BBA Inc. dated December 1, 2018 and filed on SEDAR on December 3, 2018. As at June 30, 2019, the Company has determined that the Wasamac property is still at the prospecting stage, as the Company has not yet obtained the necessary financing to undertake the development and construction phase of the Wasamac project.

In June 2019, the Company decided to temporarily suspend the operations of the Beaufor mine and Camflo mill and place them in care and maintenance. In July 2019, the Company began work to recover the ounces available at the plant while carrying out work to maintain the facilities and equipment in good condition.

The Company was incorporated on February 16, 2011 under the Canada Business Corporations Act. The head office address is 68, avenue de la Gare, Suite 205, Saint-Sauveur, Québec, J0R 1R0. Monarch is listed on the Toronto Stock Exchange ("TSX") under the symbol "MQR".

Marc-André Lavergne, Eng., Vice-President Operations and Community Relations, is the Company's qualified person within the meaning of NI 43-101 who has reviewed and verified the technical content of this MD&A.

LOCATION OF PROPERTIES



HIGHLIGHTS BETWEEN JUNE 30, 2019 AND THE REPORTING DATE

- On August 19, 2019, the Company completed the acquisition of a total 100% interest in the Fayolle property from Hecla Québec Inc. and Typhon Exploration Inc.
- On July 25, 2019, the Company sold a royalty for \$350,000.
- On September 3, 2019, the Company provide the results of a new mineral resource estimate for its Monique property. Probe Metals Inc. may earn a 60% interest in Monique property by spending an aggregate of \$2,000,000 on exploration before January 2021.

HIGHLIGHTS AS AT JUNE 30, 2019

- On June 18, 2019, the Company sold to Cartier Resources Inc. a 2% net smelter return royalty on certain claims on the Chimo property for \$350,000.
- On May 9, 2019, the Company acquired 6,500,000 shares of Unigold Inc. from an investor for a total consideration of \$763,750 paid by the issuance of 3,250,000 common shares of the Company.
- On April 18, 2019 and April 26, 2019, the Company completed, without the assistance of a broker, private placements to issue 3,636,364 flow-through shares and 2,424,242 flow-through shares respectively, at a price of \$0.33 per flow-through share, for gross proceeds of \$1,200,000 and \$800,000 respectively.
- On March 29, 2019, the Company announced the sale of the Pandora royalty to Agnico Eagle Mines Limited, allowing Monarch to reduce the balance of the purchase price of the McKenzie Break and Swanson properties by \$800,000.
- On December 13, 2018, the Company closed, without the intermediary of a broker, a private placement to issue 3,029,606 flow-through shares at a price of \$0.33 per flow-through share, for gross proceeds of \$999,770.
- On December 3, 2018, the Company published a feasibility study prepared by BBA Inc. for the Wasamac gold project.
- On November 15, 2018, the Company's common shares began trading on the Toronto Stock Exchange.

RESOURCES

	Tons (metric)	Grade (g/t Au)	Ounces
Wasamac project¹			
Measured resources	3.99 M	2.52	323,300
Indicated resources	25.87 M	2.72	2,264,500
Total measured and indicated	29.86 M	2.70	2,587,800
Total presumed	4.16 M	2.20	293,900
Croinor Gold project²			
Measured resources	80,100	8.44	21,700
Indicated resources	724,500	9.20	214,300
Total measured and indicated	804,600	9.12	236,000
Total presumed	160,800	7.42	38,400
Fayolle project³			
Indicated resources (in pit)	405,600	5.42	70,630
Indicated resources (underground)	300,800	4.17	40,380
Total indicated	706,400	4.89	111,010
McKenzie Break project⁴			
Indicated resources (in pit)	939,860	1.59	48,133
Indicated resources (underground)	281,739	5.90	53,448
Total indicated	1,221,599	2.58	101,581
Total presumed	574,780	3.46	64,027
Swanson project⁵			
Indicated resources (in pit)	1,694,000	1.80	98,100
Indicated resources (underground)	58,100	3.17	5,900
Total indicated	1,752,100	1.85	104,000
Total presumed	74,000	2.96	7,100
Beaufor Mine⁶			
Measured resources	74,400	6.71	16,100
Indicated resources	271,700	7.93	69,300
Total measured and indicated	346,200	7.67	85,400
Total presumed	46,100	8.34	12,400
Simkar Gold project⁷			
Measured resources	33,570	4.71	5,079
Indicated resources	208,470	5.66	37,905
Total measured and indicated	242,040	5.52	42,984
Total presumed	98,320	6.36	20,103
Monique project^{8,9}			
Total presumed	9,126,500	2.25	661,400
COMBINED TOTAL			
Measured and Indicated Resources			3,268,775
Inferred Resources			1,097,330

¹ Source : Technical Report on the Wasamac Project, Rouyn-Noranda, Québec, Canada, Tudorel Ciuculescu, M.Sc., P.Geo., October 25, 2017, Roscoe Postle Associates Inc.

² Source: Monarch prefeasibility study (January 19, 2018) and resource estimate (January 8, 2016)

³ Source: NI 43-101 Mineral Resource estimate of the Fayolle Project, August 30, 2019, Alain Carrier, P.Geo., M.Sc., of InnovExplo Inc.

⁴ Source: NI 43-101 Technical Report on the McKenzie Break Project, April 17, 2018, Alain-Jean Beauregard, P.Geo., and Daniel Gaudreault, Eng., of Geologica Groupe-Conseil Inc. and Christian D'Amours, P.Geo., of GeoPointCom Inc.

⁵ Source: NI 43-101 Technical Report on the Swanson Project, June 20, 2018, Christine Beausoleil, P.Geo., and Alain Carrier, P.Geo., M.Sc., of InnovExplo Inc.

⁶ Source: NI 43-101 Technical Report on the Mineral Resource and Mineral Reserve Estimates of the Beaufor Mine as at September 30, 2017, Val-d'Or, Québec, Canada, Carl Pelletier, P. Geo. and Laurent Roy, Eng.

⁷ Source: MRB et Associés (January 2015)

⁸ Source: NI 43-101 Mineral Resource estimate of the Monique Project as at August 28, 2019, Merouane Rachidi, Ph.D., P.Geo., and Claude Duplessis, Eng. of GoldMinds Geoservices.

⁹ Probe Metals Inc. may earn a 60% interest in the Monique property by spending a total of \$2,000,000 on exploration prior to January 2021

¹⁰ Numbers may not add due to rounding.

OUTLOOK

The main business objectives that the Company plans to achieve are: i) following the publication of the feasibility study for the Wasamac gold deposit, the Company is examining financing, partnership or other opportunities to advance the project; ii) continuing the analysis of drilling results on the Croinor Gold, McKenzie Break and Fayolle properties and continuing exploration work; and iii) studying the various possible scenarios for the Beaufor mine and the impacts on the Camflo mill.

GOING CONCERN

The Company is exposed to several risks and uncertainties related to the development of its mining properties. The Company has experienced negative operating losses and operating cash flows in recent years. The Company currently has no committed sources of financing. In the past, the Company has used external financing to finance its activities, mainly through the issuance of common and flow-through shares. The Company's business plan is dependent on raising additional funds to finance its activities over the next twelve months and beyond. As a result, the Corporation will periodically need to raise new funds to further develop its projects and meet its long-term obligations. The Company's ability to continue as a going concern is dependent on the Company's ability to ensure the profitability of its operations, the realization of its assets and the raising of new funds. Despite the Company's ability to raise funds in the past, there can be no assurance that the Company will be able to obtain financing in the future, and there can be no assurance that these sources of financing or initiatives will be available to the Company or on terms acceptable to the Company. If the Company is unable to obtain sufficient additional financing, it may be required to limit its activities and development activities, which could adversely affect its business, financial condition and results of operations.

These consolidated audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on a going concern basis. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. These consolidated audited financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the going concern assumption proves to be unfounded.

BUSINESS COMBINATION

On October 2, 2017, the Company acquired all the mining assets of Richmond Mines Inc. ("Richmont") in Québec. The assets acquired include all of Richmont's claims, mining leases and mining concessions, including the Beaufor mine, the Chimo, Monique and Wasamac properties and all the issued and outstanding shares of Camflo Mill Inc. and Louvem Mines Inc., as well as all plants, mills, buildings, structures, equipment, inventory and property.

In exchange, the Company issued 34,633,203 shares, representing 19.9% of its issued and outstanding common shares on an undiluted basis, having a market value of \$12,121,621. The transaction includes environmental obligations of \$6,842,373 for the Beaufor mine, Camflo mill and Monique mine restoration plans, should these facilities close in the future.

Lastly, the Company will pay Richmont royalties on the following NSRs:

- 1.5% for the Wasamac property with an option to purchase 0.5% of the royalty for \$7.5 million;
- 1.0% on claims owned by Richmont in the Camflo property;
- 1.0% for the Beaufor property after the Company has produced 100,000 ounces of gold, following the closing of the transaction.

A business combination is defined in IFRS 3, Business Combinations, as a transaction in which an acquirer obtains control of a business, which is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors. For an integrated set of activities and assets to be considered as a business, the set must include inputs and processes. The acquisition of Richmond's Quebec assets meets the definition of a business combination. Consequently, the transaction was accounted for as a business combination in which Monarch is the acquirer.

On October 2, 2017, Richmond and the Company agreed to transfer \$600,000 into a trust account for a 30-month period for future payment of severance payments for employees transferred upon the acquisition of Richmond's Québec mining assets. As at June 30, 2019, the whole amount has been used (\$55,000 as at June 30, 2018).

If the acquisition had occurred on July 1, 2017, management estimates that revenues would have been \$40,167,228 and the net loss for the year ended June 30, 2018 would have been \$2,299,444. In determining these amounts, management assumed that the fair value adjustments at the acquisition date would have been the same if the acquisition had occurred on July 1, 2017.

The following table shows the purchase price allocation between the assets acquired and liabilities assumed, based on the fair value of the total consideration at the transaction closing date. The fair value was estimated based on market participant information that management considered reasonable for assessment purposes and on other factors such as current asset conditions:

	\$
Fair value of consideration paid:	
Common shares issued	12,121,621
Fair value of net assets acquired:	
Cash	1,041,106
Other current assets	4,789,070
Assets held for sale	600,000
Property, plant and equipment, including Beaufor mining property	5,500,000
Mining properties under exploration	14,463,252
Current liabilities	(3,148,302)
Asset retirement obligations assumed	(6,842,373)
Finance leases	(1,059,756)
Deferred income and mining taxes	(3,221,376)
	12,121,621

KEY FINANCIAL DATA

(in dollars except per-share data)	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Revenues	31,652,869	30,125,421	–
Cost of sales	(27,302,521)	(28,684,634)	–
Gross margin	4,350,348	1,440,787	–
Administrative expenses	(6,271,027)	(5,431,538)	(2,362,595)
Beaufor exploration expenses	(312,114)	(1,098,900)	–
Net earnings (net loss)	485,905	(4,776,851)	(2,281,190)
Cash flows from operating activities	(5,764,786)	(2,310,413)	(2,163,498)
Cash flows from financing activities	2,160,280	20,377,670	9,509,871
Cash flows from investing activities	(5,060,435)	(10,377,164)	(4,696,695)
EBITDA ⁽¹⁾	3,965,710	(2,533,882)	(1,522,426)
Key per-share data			
Basic net earnings (net loss)	0.001	(0.024)	(0.017)
Diluted net earnings (net loss)	0.001	(0.024)	(0.017)

(in dollars)	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
Cash and cash equivalents	6,381,307	15,046,248	7,356,155
Total assets	72,577,395	73,665,169	26,657,724
Non-current liabilities	21,852,876	19,645,247	7,712,953
Shareholders' equity	45,181,803	40,782,313	16,914,079

RECONCILIATION OF NET EARNINGS (NET LOSS) TO EBITDA

(in dollars)	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Net earnings (net loss)	485,905	(4,776,851)	(2,281,190)
Income and mining taxes	1,691,339	481,772	733,507
Finance expense	603,064	236,287	25,257
Amortization	1,185,402	1,524,910	–
EBITDA ⁽¹⁾	3,965,710	(2,533,882)	(1,522,426)

⁽¹⁾ EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another company. The Company uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investors to compare the profitability of the Company with others by cancelling effects of different assets bases, effects due to different tax structures as well as the effects of different capital structures. See the "Non-IFRS Measures" section of this MD&A.

KEY OPERATING STATISTICS

	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Ounces of gold sold	12,534	14,856	–
Ounces of gold produced	12,231	15,071	–
Grade	4.03	4.82	–
Recovery	98.17	98.76	–
Key data per ounce of gold (CA\$)			
Average market price	1,668	1,665	–
Average selling price ⁽¹⁾	1,652	1,610	–
Production cash costs (Beaufor/Camflo) ⁽²⁾	1,401	1,532	–
All-in sustaining costs (Beaufor/Camflo) ⁽²⁾	1,474	1,770	–
Average exchange rate (CA\$/US\$)	1.32	1.27	–
Key data per ounce of gold (US\$)			
Average market price	1,264	1,311	–
Average selling price ⁽¹⁾	1,252	1,268	–
Production cash costs (Beaufor/Camflo) ⁽²⁾	1,061	1,206	–
All-in sustaining costs (Beaufor/Camflo) ⁽²⁾	1,117	1,394	–

⁽¹⁾ Average realized prices for the year are expected to be \$14 (\$28 in fiscal 2018) higher if gold deliveries (861 ounces in fiscal 2019 and 2,583 ounces in fiscal 2018) to Auramet for deferred revenue in the year had been recorded at market price on the date the agreement was entered into on October 2, 2017 instead of the recorded price representing the amounts received from future gold production divided by the ounces to be delivered.

⁽²⁾ Cash cost of production and overall cost of production are financial performance measures not defined by IFRS without a standardized definition under IFRS. As a result, these measures may not be comparable to similar measures presented by another company. Please refer to the "Non-IFRS Measures" section of this MD&A.

Although the consolidated financial statements of Monarch are reported in Canadian dollars ("CA\$" or "\$"), the Company also discloses financial and operating statistics in U.S. dollars. On a quarterly basis, the CA\$ to US\$ exchange rate is adjusted to reflect the actual quarterly rate and year-to-date rate as at the end of each quarter.

REVIEW OF FINANCIAL RESULTS

Year ended June 30, 2019

For the fiscal year beginning July 1, 2018 and ending June 30, 2019 (the "2019 fiscal year"), Beaufor mine production was 12,231 ounces of gold.

Revenues for fiscal 2019 reached \$31.7 million, compared to \$30.1 million for fiscal 2018. In October 2017, the Company acquired the Beaufor mine and the Camflo mill. As a result, revenues for fiscal 2018 were generated over a nine-month period compared to a twelve-month period for fiscal 2019.

Precious metals sales decreased from \$23.9 million in 2018 to \$20.7 million in 2019, a decrease of \$3.2 million. This decrease is explained by the decrease in activities at the Beaufor mine, which was placed in care and maintenance mode at the end of June 2019. Custom milling sales increased from \$6.2 million in fiscal 2018 to \$10.9 million in fiscal 2019, an increase of \$4.7 million. This increase is explained by the full capacity usage of the Camflo mill until the end of June 2019.

Cost of sales, including depreciation and amortization, totalled \$27.3 million, compared to \$28.7 million in 2018. This decrease is mainly due to lower expenses and definition drilling at the mine during the fourth quarter due to lower activity since early 2019, partially offset by higher expenses at Camflo following higher milled tonnes.

Production cash costs of \$1,401 (US \$1,061) per ounce for fiscal 2019 decreased from the reported cost of \$1,532 (US \$1,206) per ounce for fiscal 2018. The rationalization of expenses due to the decrease in activities and the cessation of galleries development work, as well as the increase in custom milling activities, explain this variation.

The all-in sustaining costs ("COGM") was \$1,474 (US \$1,117) in fiscal 2019 compared to \$1,770 (US \$1,394) in fiscal 2018. The decrease is explained by the decrease in production cash costs and the significant decrease in maintenance costs due to the reduction of activities.

General and administrative expenses amounted to \$6.3 million for the year ended June 30, 2019 compared to \$5.4 million for the previous year, mainly due to additional administrative activities resulting from the acquisition of the assets of Richmond Mines in Québec over a twelve-month period in 2019 compared to nine months in the previous year and the increase in the share-based payments expense following the granting of stock options made.

Exploration expenses amounted to \$0.3 million for the year ended June 30, 2019, compared to \$1.1 million for the previous year. These expenses are related to exploration activities at the Beaufor mine.

Financial expenses increased by \$0.4 million to \$0.6 million compared to fiscal 2018. Interest on insurance bonds taken in 2019 to cover environmental financial guarantees explain part of the increase. During the year ended June 30, 2019, the Company also used a clause in the Beacon mill acquisition agreement to defer repayment of the first three deferred payments by paying a 20% premium. The premium will be added to the three deferred payments being carried forward. The deferred payments will then be payable in three equal instalments on the 48th, 54th and 60th months following the closing of the transaction, in addition to the deferred payment initially due at that time. The Company recorded an amendment cost under the purchase price balance of \$191,379 in financial expense.

The Company recorded a foreign exchange loss of \$5,136 related to changes in the Canadian dollar against the U.S. dollar at the balance sheet date. The balance of purchase price denominated in US dollars is mainly subject to currency fluctuations.

On June 18, 2019, the Company sold to Cartier Resources Inc. a 2% net smelter return ("NSR") royalty on certain claims on the Chimo property for \$350,000. The Company realized a gain on disposal of non-financial assets of \$350,000.

On September 7, 2018, the Company sold its 30% interest in the Chimo property acquired following the acquisition of Richmond's mining assets located in Québec to Chalice Gold Mines Limited ("Chalice") for 3 million fully paid common shares of Chalice, with a fair value of \$390,000, and a NSR royalty on net smelter revenues of 0.5 and 1.5% (0.5% on claims with pre-existing royalties and 1.5% on all other claims). Chalice has the right to repurchase 0.5% of the Company's NSR for \$1.0 million at any time.

On August 21, 2018, the Company sold to Canadian Malartic GP a 2% NSR royalty on the East Amphi property for \$250,000. The Company realized a gain on disposal of non-financial assets of \$250,000.

During the year ended June 30, 2019, the Company sold a 0.5% NSR royalty on the Pandora property (the "Pandora Royalty") to Agnico Eagle Mines Limited. In consideration for the Pandora royalty, the balance of the purchase price for the McKenzie Break and Swanson properties acquired from Agnico Eagle Mines Limited will be reduced by \$800,000, \$600,000 as a share payment in December 2019 and \$200,000 as a share payment in December 2020. The Company recorded a gain on disposal of non-financial assets of \$724,832 representing the present value of the decrease in future payments of the purchase price balance.

During the year ended June 30, 2019, the Company was advised that it held an investment in shares, arising from a previous transaction. The Company received shares valued at \$874,876 and \$326,400 in cash. Since these assets were not identifiable at the time of the initial transaction, the value of the assets received has been recorded as "Other income" in the consolidated statement of net earnings and comprehensive income.

The fair value of investments held as at June 30, 2019 increased by \$0.3 million during fiscal 2019.

The Company acquired \$0.2 million of derivative financial instruments for its future gold transactions.

The Company recorded proceeds of \$1.7 million related to flow-through shares for the twelve-month period ended June 30, 2019, compared to \$1.0 million in the previous year.

For the year ended June 30, 2019, income taxes expense and deferred mining taxes totalled \$1.7 million, compared to \$0.5 million for the 2018 fiscal year.

The Company reported net earnings of \$0.5 million or \$0.001 basic and diluted per share for the twelve-month period ended June 30, 2019, compared to a net loss of \$4.8 million or \$0.024 basic and diluted per share for the corresponding period in 2018.

REVIEW OF PRODUCTION OPERATIONS

During the year ended June 30, 2019, the Camflo mill processed 322,884 tonnes of ore from custom milling and the Beaufor mine. The Beaufor mine's tonnage represents 96,212 tonnes of ore, which is lower than the previous year due to the reduction in activities at the mine. The average grade of milled ore from Beaufor in fiscal 2019 was 4.03 g/t gold. The lower grade than projected for the period is directly related to a high dilution rate from the workings located in the Q Zone and a higher than expected proportion of the low-grade in mining sites.

Production activities at the Beaufor mine have been temporarily suspended since late June 2019. This decision taken in August 2018 to suspend operations was mainly due to low ore grades from Beaufor ores mined in recent quarters, which results of adversely affecting the mine's profitability. As a result, the mine's workforce was reduced in December 2018 to continue operations to recover ounces to levels accessible in the following months while controlling costs. Now, the workforce is again being reduced to ensure the safe maintenance of the mine and its facilities.

In June 2019, the Company also decided to temporarily suspend the Camflo mill operations and place it in care and maintenance mode. In July 2019, the Company began work to recover the ounces available at the plant while carrying out work to maintain the facilities and equipment in good condition.

Impairment of non-financial assets

Due to the higher than expected losses generated by the mining assets in operation and the fact that they are placed in care and maintenance, the Company concluded that an impairment test should be performed for all these assets. These assets are divided into two cash-generating units ("CGUs"), a first CGU related to Beaufor's mining property and its related buildings and equipment ("Beaufor CGUs"), and a second CGU related to the Camflo Inc. processing plant, and related equipment ("Camflo CGU"). It was determined that the Camflo CGU could generate cash flows independent of the Beaufor CGU since it is engaged in gold ore processing activities for other mines.

The measurement bases used to determine the recoverable amounts are fair value less costs of disposal for the Beaufor CGU and value in use for the Camflo CGU.

The recoverable amount of the Beaufor CGU was determined using external valuations to estimate the fair value of assets based on market price available based on a recent purchase, while the recoverable amount of the Camflo CGU was determined using estimated future cash flow projections discounted at an effective interest rate of 20% that reflects current market assessments of the time value of money and the risks specific to these assets. The Company believes that the Camflo mill could be used to mill ore from its other properties when they are in production.

The assumptions used above for the external asset valuations, and estimated future cash flows, are based on management's best estimates as at June 30, 2019 and may change significantly in the future, based on potential changes in the gold industry such as the price of gold and currency fluctuations between the Canadian and US dollars, interest rates and any other event beyond management's control that may affect the global economy. These estimated recoverable amounts may therefore differ significantly from actual future recoverable amounts.

Based on these valuations, the Company concluded that the recoverable amounts of these two CGUs were higher than their carrying amounts as at June 30, 2019 and 2018. As a result, no impairment was recognized.

As at June 30, 2019, the Company also determined that there were no material events or changes in circumstances indicating that the carrying amount of its other non-current assets may not be recoverable. As such, no other impairment losses were recognized during the year ended June 30, 2019 (nil in 2018).

REVIEW OF EXPLORATION AND EVALUATION OPERATIONS

<i>(in dollars)</i>	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Exploration and evaluation expenses			
Croinor Gold	2,823,088	2,944,114	2,793,761
Wasamac	2,523,793	497,601	–
McKenzie Break	2,186,308	170,571	–
Beaufor Mine	399,161	2,002,392	–
Swanson	65,509	116,233	–
Simkar Gold	19,843	53,490	230,452
Others	44,359	4,461	–
Exploration and project evaluation	8,062,061	5,788,862	3,024,213
Capitalized exploration and evaluation expenses	7,662,900	3,786,470	3,024,213
Exploration and evaluation expenses	399,161	2,002,392	–

Wasamac

On December 3, 2018, the Company announced the positive results of the feasibility study prepared by BBA Inc. for the Wasamac gold project. The purpose of the study was to complete a review and compilation of the resources reclassified in October 2017 by Roscoe Postle Associates Inc. and to integrate advanced mining designs by integrating Rail-Veyor® technology and a paste backfill system, to study treatment options and water and tailings management facilities, and to evaluate the economics of this underground gold project.

The results of the feasibility study show that the Wasamac project is economically viable and could become a low-cost production mine. The study also serves as a basis for making a production decision and fully supports the licensing and financing process.

Feasibility study highlights :

- Significant production volume: average annual gold production of 142,000 ounces over 11 years.
- High return: pre-tax internal rate of return of 23.6%, net present value of \$522 million and payback period of 3.6 years.
- Low production cost: \$720/ounce (US \$550/ounce) cash production cost and \$826/ounce (US \$630/ounce) overall production cost.
- Capital costs: initial capital costs of \$464 million, including approximately \$230 million for the plant and tailings facility.
- Strategic Location: The mine infrastructure will be located on recently acquired land along the Trans-Canada Highway and 200 metres from the railway line leading to the main custom milling facilities.
- High exploration potential: largely under-explored laterally and at depth.

The technical report summarizing the results of the feasibility study is available on the Monarques website.

McKenzie Break

A 13,945 metre diamond drilling program was completed on the McKenzie Break property in the fall of 2018. The goal of the program was to explore under known lenses and on the periphery of the multi-vein Green and Orange zones.

The 2018 drilling program was a real success, increasing the size of the McKenzie Break deposit and confirming its high-grade potential. Visible gold was found in 17 of the 61 holes, including hole MK-18-196 which intersected 265.00 g/t Au over 0.6 metres and hole MK-18-216 which intersected 93.80 g/t Au over 0.5 metre.

McKenzie Break is a high-grade, narrow, multi-vessel, narrow-grained gold deposit hosted in the Pascalis dioritic batholith and covered with porphyry diorite and mafic and felsic volcanic rocks. On June 14, 2018, the Company reported a 48,133 ounces NI 43-101 in-pit resource in the indicated category and 14,897 ounces in the inferred category on the property, as well as a 53,448 ounces underground resource in the indicated category and 49,130 ounces in the inferred category, for a total of 165,608 ounces of gold.

Another drilling program is planned for the fall of 2019.

Swanson

On August 3, 2018, the Company reported an NI 43-101 pit-constrained resource of 98,100 ounces in the indicated category on the property, as well as an underground resource of 5,900 ounces in the indicated category, for a total of 104,100 ounces of gold.

Beaufor Mine

The Company is currently finalizing an exploration plan to discover new areas at easily accessible levels, as well as areas at more remote levels. Following the finalization of this plan, the Company will take a position on the future work that will be carried out.

Croinor Gold

The Company completed a 26,580 metre drilling program in 2018.

The initial 20,000-metre program began in March 2018 and focused on the expansion and definition of the Croinor Gold deposit. The program was completed in early September 2018 with 89 holes for a total of 19,935 metres. Based on the positive results of the program, the Company decided to drill an additional 8,300 metres and successfully completed 18 holes for a total of 6,645 metres before the winter frost.

The program was a great success, allowing the Company to increase the size and gold content of the planned workings, confirm and expand the two underground bulk sample areas, extend the deposit eastward and westward and at depth, and find that the deposit is still open in all directions.

The program also discovered numerous high-grade gold intersections with good widths, such as 8.24 g/t Au over 9.0 metres, including 26.38 g/t Au over 2.6 metres in hole CR-18-606, located 328 metres below surface, demonstrating that the deposit is still open at depth; 35.90 g/t Au over 1.0 metres in hole CR-18-612; 43.25 g/t Au over 2.1 metres, including 88.60 g/t Au over 1.0 metres in hole CR-18-636; and 25.92 g/t Au over 3.4 metres in hole CR-18-647.

The next phase will focus on upgrading the deposit through definition drilling and exploration drilling to test high potential targets on the 151 km² property.

SELECTED QUARTERLY FINANCIAL INFORMATION

Selected quarterly financial information for the last eight quarters is presented below:

THREE-MONTH PERIODS ENDED: (IN DOLLARS)	JUNE 30, 2019	MARCH 31, 2019	DECEMBER 31, 2018	SEPTEMBER 30, 2018
Revenues	7,349,262	5,114,247	11,411,996	7,777,364
Cost of sales	5,408,922	5,094,175	8,516,247	8,283,177
Gross margin	1,940,340	20,072	2,895,749	(505,813)
Net earnings (net loss)	926,602	(765,854)	2,175,702	(1,850,545)
Basic and diluted net earnings (net loss) per share	0.005	(0.003)	0.009	(0.008)
EBITDA	1,237,876	59,088	3,500,614	(830,868)
Cash and cash equivalents	6,381,307	4,848,417	9,272,840	10,737,361
Working capital	7,282,511	4,842,048	4,533,091	5,596,536
Total assets	72,577,395	69,743,397	72,548,922	70,551,294
Operating activities	990,724	(3,790,188)	2,319,106	(5,284,428)
Financing activities	1,867,493	(478,365)	853,020	(81,868)
Investing activities	(1,325,327)	(155,870)	(4,636,647)	1,057,409
THREE-MONTH PERIODS ENDED: (IN DOLLARS)	JUNE 30, 2018	MARCH 31, 2018	DECEMBER 31, 2017	SEPTEMBER 30, 2017
Revenues	10,007,386	9,820,111	10,297,924	–
Cost of sales	9,836,537	10,006,660	8,841,437	–
Gross margin	170,849	(186,549)	1,456,487	–
Net earnings (net loss)	(2,782,100)	(2,162,588)	665,591	(498,754)
Basic and diluted net earnings (net loss) per share	(0.014)	(0.010)	0.003	(0.003)
EBITDA	(1,084,003)	(1,568,630)	466,541	(328,956)
Cash and cash equivalents	15,046,248	18,092,189	17,583,194	5,705,285
Working capital	6,928,023	11,964,682	9,568,085	4,319,231
Total assets	73,665,169	74,532,735	73,337,655	26,668,885
Operating activities	(534,542)	(3,366,968)	2,507,554	(916,457)
Financing activities	(59,421)	4,932,605	15,464,503	39,983
Investing activities	(2,451,978)	(1,056,642)	(6,094,148)	(774,396)

Fourth quarter ended June 30, 2019

Production from the Beaufor mine in the fourth quarter was 3,572 ounces of gold, an increase from the 1,328 ounces produced in the previous quarter. In the previous quarter, some site collapse occurred caused significant declines in grades and equipment failures also contributed to the decrease in the production.

Revenues for the fourth quarter were \$7.3 million, compared to \$5.1 million for the previous quarter. This increase is due to the increase in ounces sold as a result of higher production in the fourth quarter of fiscal 2019. As a result of a decrease in equipment failure, more tonnes were produced by the Beaufor mine at a higher grade.

Cost of sales, including depreciation and amortization, totalled \$5.4 million, compared to \$5.1 million for the previous quarter. The decrease in operations at the Beaufor mine since January 2019 indicates a lower cost of sales to approximately \$5 million per quarter compared to full production capacity.

Cash production cost of \$1,192 per ounce in the fourth quarter decreased significantly from the reported cost of \$1,896 per ounce in the previous quarter, mainly due to higher ounces produced.

General and administrative expenses were \$1.2 million in the fourth quarter compared to \$1.4 million in the previous quarter, remaining relatively stable.

On June 18, 2019, the Company sold to Cartier Resources Inc. a 2% net smelter return royalty on certain claims on the Chimo property for \$350,000. The Company realized a gain on disposal of non-financial assets of \$350,000.

FINANCIAL POSITION

<i>(in dollars)</i>	AS AT JUNE 30, 2019	AS AT JUNE 30, 2018	EXPLANATIONS OF VARIATIONS
Current assets	12,825,227	20,165,632	The decrease in current assets is mainly due to the funds used to invest in the properties.
Non-current assets	59,752,168	53,499,537	Long-term assets increased mainly due to exploration activities during the year.
Total assets	72,577,395	73,665,169	
Current liabilities	5,542,716	13,237,609	Current liabilities decreased largely as a result of the decrease in trade and other payables due to the reduction in production activities, to the repayments of long-term debt and the changes in contract liabilities.
Non-current liabilities	21,852,876	19,645,247	Long-term liabilities increased mainly due to income taxes and deferred mining taxes as well as asset retirement obligations related to the acquisition of Richmond's operations in Québec.
Total liabilities	27,395,592	32,882,856	
Shareholders' equity	45,181,803	40,782,313	Shareholders' equity increased mainly due to shares issued during the year in connection with financing, business and asset acquisitions and the exercise of warrants and options.

LIQUIDITY AND SOURCES OF FINANCING

The Company's strategy is based on achieving positive cash flows from operations to internally fund operating, capital and project development requirements. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, and development programs, the ability to obtain equity or other sources of financing.

As at June 30, 2019, the Company had cash and cash equivalents of \$6.4 million, compared to \$15.0 million as at June 30, 2018. Of this amount, \$1.9 million is reserved for exploration expenditures.

Financing sources

The financing sources for the last eight quarters and as the date of this MD&A are listed in the following table:

DATE	TYPE	SECURITIES	AMOUNT (\$)	USE OF FUNDS
April 18 and 26, 2019	Non-brokered private placement	Flow-through shares	2,000,000	Prospecting work on the properties held by the Company. The funds were partially used.
December 13, 2019	Non-brokered private placement	Flow-through shares	999,770	Prospecting work on the properties held by the Company. The funds were used.
March 12, 2018	Non-brokered private placement	Common shares	5,000,000	General and administrative expenses and working capital. The funds were partially used.
December 7, 2017	Non-brokered private placement	Flow-through shares	1,820,000	Prospecting work on the properties held by the Company. The funds were used.
November 17, 2017	Non-brokered private placement	Flow-through shares	1,549,013	Prospecting work on the properties held by the Company. The funds were used.
September 11, 2017	Non-brokered private placement	Common shares	6,525,251	General and administrative expenses and working capital. The funds were used.

CASH FLOWS

<i>(in dollars)</i>	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Net cash position from (used in)			
Operating activities	(5,764,786)	(2,310,413)	(2,163,498)
Financing activities	2,160,280	20,377,670	9,509,871
Investing activities	(5,060,435)	(10,377,164)	(4,696,695)
Increase (decrease) in cash and cash equivalents	(8,664,941)	7,690,093	2,649,678
Cash and cash equivalents, beginning of year	15,046,248	7,356,155	4,706,477
Cash and cash equivalents, end of year	6,381,307	15,046,248	7,356,155

Operating activities

During the year ended June 30, 2019, cash flows from operating activities used \$5.8 million mainly due to payments to suppliers and other payables as well as the operating loss recorded in fiscal 2019.

For fiscal 2018, cash flows from operating activities were favourably impacted by changes in non-cash working capital items of the assets acquired from Richmond to offset the use of funds from administrative activities and operating losses.

Financing

For the twelve-month period ended June 30, 2019, cash flows from financing activities totalled \$2.2 million, including \$3.0 million from the issuance of shares, partially offset by \$0.4 million for the repayment of a finance lease, \$0.4 million for the repayment of a balance of purchase price and \$0.1 million for share issuance costs.

The following table presents the Company's financial liabilities by contractual maturity, including interest due, if any, as at June 30, 2019:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	0 TO 12 MONTHS	12 TO 24 MONTHS	OVER 24 MONTHS
	\$	\$	\$	\$	\$
Trade and other payables	3,172,192	3,172,192	3,172,192	–	–
Purchase price balances payable	5,138,974	6,066,887	–	4,022,533	2,044,354
Finance leases	360,469	369,261	353,516	15,745	–
	8,671,635	9,608,340	3,525,708	4,038,278	2,044,354

Investing activities

Cash flows from investing activities amounted to \$5.1 million, including \$8.6 million for exploration and evaluation expenses, \$0.6 million for the acquisition of property, plant and equipment, \$0.3 million for the acquisition of mining properties and \$0.2 million for the acquisition of derivative financial instruments. However, certain items generated cash flows, including \$0.6 million for the disposal of mining properties, \$0.3 million in other income and the receipt of a portion of the trust deposits. The Company has offset this reimbursement of the amounts in trust with a bond from an insurance company.

OUTSTANDING SHARE CAPITAL

The following table sets out the common shares, stock options, warrants and warrants to brokers of the Company that are outstanding as at the date of this MD&A:

	AS AT SEPTEMBER 24, 2019
Common shares	261,121,119
Share purchase options (average exercise price: \$0.30)	8,885,000
Warrants (average exercise price: \$0.50)	14,528,111
Warrants to brokers (average exercise price: \$0.42)	1,099,650

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Company incurred the following expenses with executive officers of the Company. The transactions were entered into in the normal course of business and are measured at the exchange amount, which is the amount agreed between the parties.

<i>(in dollars)</i>	YEAR ENDED JUNE 30, 2019	YEAR ENDED JUNE 30, 2018	YEAR ENDED JUNE 30, 2017
Wages, directors' fees, bonuses and fringe benefits	1,045,338	930,917	319,750
Defined contribution plan	36,674	8,977	–
Government plans	67,982	43,918	8,258
Share-based payments	311,382	78,143	277,345
	1,461,376	1,061,955	620,172

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OFF-BALANCE SHEET AGREEMENTS

The Company does not have any off-balance sheet agreements.

COMMITMENTS AND CONTINGENCIES

The Company had the following commitments as at June 30, 2019:

A) Royalties

Properties	Net smelters return (NSR) royalties
Beaufor	1.0% payable after the Company has produced 100,000 ounces of gold
Croinor Gold	1.5%
McKenzie Break	1.5% (0.5% redeemable for \$750,000)
Simkar Gold	1.5% (0.5% redeemable for \$1 million, except on 11 claims)
Swanson	1.5% (0.5% redeemable for \$750,000)
Wasamac	1.5% (0.5% redeemable for \$7.5 million)
Others	1.0% to 1.5%

B) Flow-through shares

During the year ended June 30, 2018, the Company has undertaken to pay, before December 31, 2018, \$3,369,013 in eligible exploration and evaluation expenses, in accordance with the *Income Tax Act of Canada* and the *Taxation Act of Quebec*, and to transfer these tax deductions to subscribers of flow-through share investments completed on November 16, 2017 and December 7, 2017. In connection with this commitment, the Company has incurred cumulative eligible expenses of \$3,369,013 as at December 31, 2018 (nil as at June 30, 2018) and therefore has no exploration and evaluation funds (\$3,369,013 as at June 30, 2018) or flow-through share liabilities (nil as at June 30, 2018) with respect to this commitment as at June 30, 2019

During the year ended June 30, 2018, the Company agreed to pay, before December 31, 2018, \$3,325,080 in eligible exploration and evaluation expenses, in accordance with the *Income Tax Act of Canada* and the *Taxation Act of Quebec*, and to transfer these tax deductions to subscribers of the flow-through share investment completed on March 8, 2017. In connection with this commitment, the Company has incurred cumulative eligible expenses of \$3,325,080 as at December 31, 2018 (\$2,412,939 as at June 30, 2018) and therefore has no funds reserved for exploration and evaluation and no liabilities related to flow-through shares with respect to this commitment as at June 30, 2019 (\$912,141 as at June 30, 2018).

During the year ended June 30, 2019, the Company has undertaken to pay, before December 31, 2019, an amount of \$999,770 in eligible exploration and evaluation expenses, in accordance with the *Income Tax Act of Canada* and the *Taxation Act of Quebec*, and to transfer these tax deductions to subscribers of the flow-through share investment completed on December 13, 2018. In connection with this commitment, the Company has incurred cumulative eligible expenses of \$999,770 as at June 30, 2019 and therefore has no funds reserved for exploration and evaluation and no liabilities related to flow-through shares with respect to this commitment as at June 30, 2019.

During the year ended June 30, 2019, the Company committed to pay, before December 31, 2020, \$2,000,000 in eligible exploration and evaluation expenses, in accordance with the *Income Tax Act of Canada* and the *Taxation Act of Quebec*, and to transfer these tax deductions to subscribers of flow-through share investments completed on April 18 and April 26, 2019. In connection with this commitment, the Company incurred cumulative eligible expenses of \$73,311 as at June 30, 2019. As a result, the Company has restricted funds for exploration and evaluation of \$1,926,689 and a flow-through share liability of \$571,723 as at June 30, 2019.

C) Lease

The Company rents office space for a monthly amount of \$3,067 until June 30, 2022. As at June 30, 2019, the contractual payments remaining until June 30, 2022, assuming the lease will not be terminated before the end of the term, amounted to \$110,412.

NON-IFRS FINANCIAL MEASURES

Throughout this document, the Company has provided measures prepared according to IFRS as well as some non-IFRS financial performance measures. Because the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. The Company provides these non-IFRS financial performance measures as they may be used by some investors to evaluate our financial performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS financial performance measures were reconciled to reported IFRS measures within the document (refer to the section "Reconciliation of net income (loss) to EBITDA" and "Reconciliation of cost of sales to production cash cost and all-insustaining costs per ounce sold" for a description and reconciliation of these measures not defined by IFRS).

RECONCILIATION OF COST OF SALES TO PRODUCTION CASH COSTS AND TO ALL-IN SUSTAINING COSTS PER OUNCE SOLD

QUARTER ENDED JUNE 30, 2019 (in dollars, except for per ounce data)	BEAUFOR/CAMFLO	CORPORATE	CONSOLIDATED
Ounces of gold sold	2,666	–	2,666
Cost of sales	5,408,921	–	5,408,921
Corporate general and administrative costs	446,227	–	446,227
Depreciation	(49,829)	–	(49,829)
Custom milling contracts sales	(2,620,157)	–	(2,620,157)
By-product credits	(6,156)	–	(6,156)
Cost of sales, net of depreciation, other sales and by-product credits	3,179,006	–	3,179,006
Production cash costs (\$/ounce)	1,192	–	1,192
Sustaining costs	55,618	–	55,618
Corporate general and administrative costs	–	732,958	732,958
All-in sustaining costs	3,234,624	732,958	3,967,582
All-in sustaining costs (\$/ounce)	1,213	275	1,488

YEAR ENDED JUNE 30, 2019 (in dollars, except for per ounce data)	BEAUFOR/CAMFLO	CORPORATE	CONSOLIDATED
Ounces of gold sold	12,534	–	12,534
Cost of sales	27,302,521	–	27,302,521
Corporate general and administrative costs	2,305,631	–	2,305,631
Depreciation	(1,143,524)	–	(1,143,524)
Custom milling contracts sales	(10,856,967)	–	(10,856,967)
By-product credits	(47,652)	–	(47,652)
Cost of sales, net of depreciation, other sales and by-product credits	17,560,009	–	17,560,009
Production cash costs (\$/ounce)	1,401	–	1,401
Sustaining costs	909,816	–	909,816
Corporate general and administrative costs	–	3,923,518	3,923,518
All-in sustaining costs	18,469,825	3,923,518	21,483,527
All-in sustaining costs (\$/ounce)	1,474	313	1,787

The production cash costs includes the operating costs of mining sites such as mining, processing, administration, royalties, production taxes, excluding depreciation, reclamation, capital expenditures and exploration and evaluation costs. These costs are then divided by the ounces of gold attributable to commercial production sold by the Company's mining sites to obtain the cash cost of production measure per ounce sold. This measure, along with revenues, is considered one of the key indicators of a company's ability to generate operating profits and cash flows from its mining activities.

The Company believes that, while relevant, the current cash production costs measure commonly used in the gold industry does not take into account the costs necessary to maintain production, and therefore does not present a complete picture of operating performance or the ability to generate cash flow from its current operations. The AISC measure begins with the cash production costs and includes sustaining capital expenditures, exploration and evaluation costs, and the company's general and administrative costs. Underground mine development costs related to production areas, ongoing replacement of mining equipment and spare parts, tailings and other facilities, capitalized contaminated site exploration costs and other capital expenditures are classified as sustaining capital.

This measure, AISC, is intended to represent the cost of selling gold from current operations and therefore does not include capital expenditures attributable to development projects or mine expansions, tax payments, working capital defined as current assets (excluding inventory adjustments), items required to normalize earnings, interest expense or dividend payments.

As a result, this measure is not representative of all of the Company's cash expenses and does not indicate the Company's overall profitability. The calculation of the AISC per ounce sold is based on the Company's interest in the sales of its gold mine. The use of an attributable interest presentation is a more accurate way to measure economic performance than using a consolidated basis. The Company presents the measure of AISC per ounce sold based on attributable sales, compared to the Company's current cash production costs presentation, which is based on attributable production.

The overall cost of production measure does not have a standardized meaning prescribed by IFRS, is unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for performance measures established in accordance with IFRS. This measure is not necessarily representative of net income or cash flows from operating activities as determined under IFRS.

SIGNIFICANT ACCOUNTING POLICIES

Full disclosure and description of the Company's significant accounting policies and changes in accounting policies are detailed in the audited consolidated financial statements for the year ended June 30, 2019.

SIGNIFICANT JUDGMENTS AND ESTIMATES

Full disclosure and a description of the Company's significant judgments and estimates are detailed in the audited consolidated financial statements for the year ended June 30, 2019.

FINANCIAL INSTRUMENTS

There is a full disclosure and description of the Company's financial instruments, financial risk management and capital management in Notes 30 and 31 of the audited consolidated financial statements for the year ended June 30, 2019.

RISK FACTORS

As a mining company, the Company is exposed to financial and operational risks related to the very nature of its operations. These risks could have an impact on the financial position and operating income. Therefore, an investment in the Company's common shares should be considered a speculative investment. Purchasers or potential holders of common shares should pay particular attention to the Company's risk factors.

For more information on risks and uncertainties, please refer to the "Risk Factors" section of Monarch most recent annual information form filed on SEDAR (www.sedar.com).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The design of internal control over financial reporting (as defined in Multilateral Instrument 52-109) was evaluated under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. In evaluating the design of disclosure controls and procedures and internal control over financial reporting, the Company recognizes that, regardless of how such controls are designed and performed, they can provide only reasonable and non-absolute assurance that the objectives expected of the system of controls are being achieved.

Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were appropriately designed and operating effectively as of June 30, 2019.

Internal control over financial reporting was designed based on the criteria set out in the 2013 report Internal Control - Integrated Framework developed by the COSO (Committee of Sponsoring Organizations of the Treadway Commission).

National Instrument 52-109 also requires Canadian public companies to disclose in their MD&A any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. There were no material changes in internal control over financial reporting during the year ended June 30, 2019.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as at the date shown in the header of this document. Additional information relating to the Company, including the technical reports mentioned herein and the Company's Annual Information Form and Proxy Circular can be found on the SEDAR website www.sedar.com and on our website at www.monarguesgold.com.

GENERAL INFORMATION

HEAD OFFICE

68, avenue de la Gare, Suite 205
Saint-Sauveur, Québec, Canada
JOR 1R0

COURRIEL

info@monarquesgold.com

WEBSITE

www.monarquesgold.com

STOCK EXCHANGE

TSX

Symbol (shares) : MQR

OTC Markets

Symbol (shares) : MRQRF

EXECUTIVE MANAGEMENT

Jean-Marc Lacoste
President and CEO

Alain Lévesque CPA, CA
Chief Financial Officer and Vice-President Finance

Marc-André Lavergne, Eng.
Vice President Operations and Community Relations

Mathieu Séguin
Vice President, Corporate Development

Lucie Desjardins, LLB
Director Legal Services and Corporate Secretary

BOARD OF DIRECTORS

Michel Bouchard, Chairman of the Board*

Jean-Marc Lacoste, Director

Michel Baril, Director*

Guy Bourassa, Director

Christian Pichette, Director*

* *Member of the audit committee*

LEGAL COUNSEL

Stein Monast S.E.N.C.R.L.

Stein Monast Building
70, Dalhousie Street, Suite 300
Québec (QC) G1K 4B2
CANADA

TRANSFER AGENT

Computershare Trust Company of Canada

1500 Robert-Bourassa Boulevard
7th floor
Montréal (QC) H3A 3S8
CANADA

AUDITORS

KPMG LLP

KPMG Tower
600, boulevard de Maisonneuve West
Suite 1500
Montréal (QC) H3A 0A3
CANADA

INVESTORS RELATIONS

Jean-Marc Lacoste

Phone. : 1 888 994-4465

jm.lacoste@monarquesgold.com