Condensed Interim Financial Statements of
(Unaudited)

MONARQUES RESOURCES INC.

Period ended September 30, 2011

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Condensed Interim Financial Statements
(Unaudited)

Period ended September 30, 2011

Condensed Interim Financial Statements

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MONARQUES RESOURCES INC.

Condensed Interim Balance Sheets
(Unaudited)

September 30, 2011 and June 30, 2011

	Note	September 30, 2011	June 30, 2011
		$	$
Assets			
Current assets:			
Cash and cash equivalents	9 f)	3,979,281	5,092,699
Taxes receivable		289,698	93,882
Prepaid exploration expenses		50,000	-
Tax credits and mining rights receivable		122,896	122,896
		4,441,875	5,309,477
Mining properties	4	7,591,712	7,518,642
Exploration and evaluation assets	5	1,365,048	160,643
Total assets		13,398,635	12,988,762
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		1,119,709	571,447
Liability related to flow-through shares	6 ii)	559,119	800,000
		1,678,828	1,371,447
Equity:			
Share capital	6	12,497,989	12,465,373
Warrants	7 a-b)	337,367	331,983
Contributed surplus	7 c)	338,710	-
Deficit		(1,454,259)	(1,180,041)
		11,719,807	11,617,315
Contingencies	8		
Commitments	9		
Total liabilities and equity		13,398,635	12,988,762

The notes on pages 5 to 34 are an integral part of these unaudited condensed interim financial statements.

MONARQUES RESOURCES INC.

Condensed Interim Statement of Comprehensive Loss
(Unaudited)

Period ended September 30, 2011

	Note	Three months ended September 30, 2011
Expenses:		
Compensation	12	66,254
Share-based payments	7 c)	338,710
Office and general administration expenses		30,063
Promotion and advertising		12,193
Representation, missions and expositions		13,242
Registration, listing fees and shareholders' information		7,970
Professional and consultants fees		44,168
Total expenses		**512,600**
Finance income:		
Interest		10,601
Loss before income taxes and following items		**501,999**
Other income related to flow-through shares	6 ii)	240,881
Loss before income taxes for the period		**261,118**
Deferred income tax expense	13	271,000
Net loss and comprehensive loss for the period		**532,118**
Basic and diluted loss per share	14	0.017

The notes on pages 5 to 34 are an integral part of these unaudited condensed interim financial statements.

MONARQUES RESOURCES INC.

Condensed Interim Statement of Changes in Shareholders' Equity
(Unaudited)

Period ended September 30, 2011

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
	$	$	$	$	$
Balance as at June 30, 2011	12,465,373	331,983	-	(1,180,041)	11,617,315
Shares to be issued for the acquisition of mining properties (note 6)	32,616	-	-	-	32,616
Warrants on common shares to be issued (note 7 a)	-	5,384	-	-	5,384
Share-based payments (note 7 c)	-	-	338,710	-	338,710
Share issuance expenses	-	-	-	(13,100)	(13,100)
Recognition of deferred tax assets related to share issuance expenses (note 13)	-	-	-	271,000	271,000
Net loss for the period	-	-	-	(532,118)	(532,118)
Balance as at September 30, 2011	12,497,989	337,367	338,710	(1,454,259)	11,719,807

The notes on pages 5 to 34 are an integral part of these unaudited condensed interim financial statements.

MONARQUES RESOURCES INC.

Condensed Interim Statement of Cash Flows
(Unaudited)

Period ended September 30, 2011

	Three months ended September 30, 2011
	$
Cash flows from operating activities:	
Net loss for the period	(532,118)
Adjustments for:	
Deferred income tax expense	271,000
Share-based payments	338,710
Other income related to flow-through shares	(240,881)
Net change in non-cash operating working capital items:	
Taxes receivables	(195,816)
Accounts payables and accrued liabilities	(37,613)
	(396,718)
Cash flows from financing activities:	
Share issuance expenses	(13,100)
	(13,100)
Cash flows from investing activities:	
Addition to mining properties	(30,070)
Prepaid exploration expenses	(50,000)
Increase in exploration and evaluation assets	(623,530)
	(703,600)
Decrease in cash and cash equivalents	(1,113,418)
Cash and cash equivalents, beginning of year	5,092,699
Cash and cash equivalents, end of year	**3,979,281**

The notes on pages 5 to 34 are an integral part of these unaudited condensed interim financial statements.

1. Reporting entity and going concern:

Monarques Resources Inc. ("The Company"), incorporated on February 16, 2011 under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its stock is trading on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is a company associated with Nemaska Exploration Inc. (NMX), a company that trades on the TSX Venture under the ticker NMX and controls 47.4% of the Company.

The Company has not yet determined if the properties contains ore reserves that are economically recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest 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 and non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the financial statements, management determined that the net carrying value of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

The address of the head office of the Company is 450, rue de la Gare du Palais, 1st floor, Québec (Québec), Canada, G1K 3X2.

2. Basis of preparation:

(a) Statement of compliance:

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, as published by the International Accounting Standards Board ("IASB").

The accounting policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of November 25, 2011, the date on which the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the period ending June 30, 2012 could result in restatement of these condensed interim financial statements.

These condensed interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2011.

2. Basis of preparation (continued):

(b) Basis of measurement:

The condensed interim financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim financial statements is included in the following notes:

- Note 3 - assessment of refundable tax credits related to resources and credit on mining duties;
- Notes 4 and 5 - recoverability of mining properties and exploration and evaluation assets;
- Note 7 - fair value of share-based payment and warrants.
- Note 13 - recoverability of deferred income tax assets;

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements, unless otherwise indicated.

(a) Financial instruments:

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and taxes receivable.

Cash and cash equivalents comprise cash balances and short-term investments with original maturities of three months or less from the acquisition date or that can be cashed at any time.

Cash and cash equivalents include proceeds of flow-through financing not yet expensed. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by those financing. For the purpose of the cash flow statements, proceeds from flow-through financing are incorporated as part of the investment activities.

(ii) Non-derivative financial liabilities:

The Company classifies its accounts payable and accrued liabilities as financial liabilities, which are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Fair value of financial instruments:

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop its own assumptions.

3. Significant accounting policies (continued):

(b) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining exploration permits / claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized on the basis of specific claim blocks or areas of geological interest until the mining properties to which they relate are placed into production, sold or abandoned.

Costs incurred include appropriate technical and administrative overheads as well as borrowing costs related to the financing of exploration activities. Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(c) Impairment:

(i) Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant accounting policies (continued):

(c) Impairment (continued):

(ii) Non-financial assets:

The carrying amounts of equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

3. Significant accounting policies (continued):

(c) Impairment (continued):

(ii) Non-financial assets (continued):

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(d) Provision:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(e) Finance income and finance costs:

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Interests received and interests paid are classified under operating activities in the statement of cash flows.

(f) Share capital and warrants:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as an increase to deficit, net of any tax effects.

3. Significant accounting policies (continued):

(f) Share capital and warrants (continued):

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through share issues.

At the time of the share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability for flow-through shares obligation. The Company estimates the fair value of the obligation using the residual method, i.e. by comparing the price of the flow-through share to the quoted price of common share at the date of the financing announcement.

A company may renounce the deductions for tax purposes under either what is referred to as the “general” method or the “look-back” method.

When tax deductions are renounced under the general method, and the Company has the expectation of renouncing and has capitalized the expenditures during the current year, then the entity records a deferred tax liability with the corresponding charge to income tax expense. The obligation is reduced to zero, with a corresponding income recorded.

When tax deductions are renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are made and capitalized. At that time, the obligation would be reduced to zero, with a corresponding income recorded.

Warrants

Warrants are classified as equity when they are derivatives over the Company’s own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments; otherwise they are classified as liabilities.

When shares and warrants are issued at the same time, the proceeds are allocated first to warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value being allocated to shares.

3. Significant accounting policies (continued):

(g) Share-based payments:

The grant date fair value of share-based payment awards granted to employees, directors, consultants and brokers is recognized as an expense, with a corresponding increase in contributed surplus, over the period during which the participants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(h) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

3. Significant accounting policies (continued):

(h) Income tax (continued):

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from business combinations and transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in unrecognized tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in the recognition of deferred tax assets based on their expected maturity date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Refundable credit on mining duties and refundable tax credit related to resources:

The Company is eligible for a refundable credit on mining duties under the *Quebec Mining Duties Act*. This refundable credit on mining duties is equal to 7.5% (12% before March 30, 2010) of expenses incurred for mining activities in Quebec. The accounting treatment for refundable credit on mining duties depends on management's intention to go into production in the future or rather to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12 *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

3. Significant accounting policies (continued):

(i) Refundable credit on mining duties and refundable tax credit related to resources (continued):

Currently, it is not management's intention to go into production in the future, as such, credit on mining duties are recorded in compliance with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 38.75% of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. They are recognized in profit or loss on a systematic basis over the useful life of the related assets.

(j) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted.

(k) New standards, interpretations and amendments issued but not yet effective:

Annual improvements to IFRS:

The improvements to IFRS 2010 are the result of the IASB's annual improvements project. This project has involved the IASB accumulating, throughout 2010, those improvements believed to be non-urgent, but necessary, and processing the amendments collectively. Effective dates, early application and transitional provisions are dealt with on a standard-by-standard basis with the majority of the amendments effective for periods beginning on or after January 1, 2011, with early adoption permitted. The Company has adopted and reflected applicable amendments in these condensed interim financial statements.

3. Significant accounting policies (continued):

(k) New standards, interpretations and amendments issued but not yet effective (continued):

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

(i) IFRS 7, *Financial Instruments: Disclosures*:

In October 2010, the IASB issued amendments to IFRS 7 *Disclosures - Transfers of Financial Assets* which will be effective for annual periods beginning on or after January 1, 2012.

These amendments clarify the disclosures in regards to the transfer of financial assets not derecognized in their entirety and for which there is continuing involvement. The extent of the impact of adoption of this new standard has not yet been determined

(ii) IFRS 9, *Financial instruments*:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

– deals with classification and measurement of financial assets;
– establishes two primary measurement categories for financial assets: amortized cost and fair value;
– prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset;
– eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

The extent of the impact of adoption of this new standard has not yet been determined.

(iii) IFRS 11, *Joint Arrangements*:

In May 2011, the IASB issued IFRS 11, *Joint Arrangements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall also apply IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time.

3. Significant accounting policies (continued):

(k) New standards, interpretations and amendments issued but not yet effective (continued):

(iii) IFRS 11, *Joint Arrangements* (continued):

IFRS 11 replaces the guidance in IAS 31, *Interests in Joint Ventures*.

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on July 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

(iv) IFRS 13, *Fair Value Measurement*:

In May 2011, the IASB published IFRS 13, *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains how to measure fair value when it is required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

3. Significant accounting policies (continued):

(k) New standards, interpretations and amendments issued but not yet effective (continued):

(iv) IFRS 13, *Fair Value Measurement* (continued):

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on July 1, 2013. The Company does not believe the amendments to have a material impact on the financial statements, because of the nature of the Company's interests in other entities.

4. Mining properties:

Properties [1]	Localization	Royalties [2]	June 30, 2011	Acquisition	September 30, 2011
			$	$	$
Amiral	SNRC 32O14, 32B03	-	-	3,505	3,505
Arques	SNRC 32O13, 32O14	2% to 3%	1,020,663	17,000	1,037,663
Bourier	SNRC 32O14, 32O15, 33B02, 33B03	3%	885,078	-	885,078
Caumont	SNRC 32N07, 32N08, 32N09	1.5% to 2%	208,350	636	208,986
Dumulon	SNRC 32N09	-	-	1,643	1,643
Duval	SNRC 32O12	2%	306,731	-	306,731
Lemare	SNRC 32O11, 32O12, 32O14	2% to 3%	826,015	318	826,333
Nisk	SNRC 32O11, 32O12, 32O13, 32O14	2% to 3%	3,566,914	-	3,566,914
Rosebay	SNRC 33B02	-	-	7,749	7,749
Valiquette	SNRC 32N09, 32O12	2%	704,891	42,219	747,110
			7,518,642	**73,070**	**7,591,712**

[1]: Properties are owned at 100% by the Company and they are all located in the province of Québec, Canada.

[2]: See note 9.

5. Exploration and evaluation assets:

Exploration and evaluation assets by properties can be detailed as follows:

	June 30, 2011	Exploration expenses	September 30, 2011
	$	$	$
Amiral	-	52,747	52,747
Arques	36,853	16,369	53,222
Bourier	34,433	656,245	690,678
Caumont	-	205,770	205,770
Dumulon	-	33,389	33,389
Duval	-	22,304	22,304
Lemare	-	61,514	61,514
Nisk	46,591	90,647	137,238
Rosebay	-	31,043	31,043
Valiquette	42,766	34,377	77,143
	160,643	**1,204,405**	**1,365,048**

Exploration and evaluation assets by nature can be detailed as follows:

	September 30, 2011	June 30, 2011
	$	$
Exploration expenses:		
Salaries and fringe benefits	237,423	43,588
Geology and geophysics	575,013	49,505
Test, sampling and prospecting	20,405	42,255
Drilling, equipment rental and other material	229,394	120,531
Lodging and meals	96,889	11,095
General exploration expenses	45,281	16,565
Increase of exploration expenses	**1,204,405**	**283,539**
Tax credit for resources and credit for mining duties	-	(122,896)
Balance, beginning of period	160,643	-
Balance, end of period	**1,365,048**	**160,643**

6. Share capital:

Authorized:

Unlimited number of common shares without par value.

Changes in the Company share capital were as follows:

	September 30, 2011		June 30, 2011	
	Number	Amount	Number	Amount
		$		$
Balance, beginning of year	31,750,100	12,465,373	-	-
Paid in cash (i)	-	-	5,000,100	1,765,373
Flow-through shares (ii)	-	-	8,000,000	3,200,000
Mining properties	-	-	18,750,000	7,500,000
	31,750,100	12 465 373	31,750,100	12,465,373
Shares to be issued (i)	150,000	32,616	-	-
Balance, end of period	**31,900,100**	**12,497,989**	**31,750,100**	**12,465,373**

(i) The net book value of the shares to be issued is presented net of the fair value of warrants amounting to $5,384 ($297,192 as at June 30, 2011 and netted against the share capital paid in cash).

(ii) The net book value of the flow-through shares is presented net of the liability related to flow-through shares of $800,000 that was recorded when the flow-through shares were issued during the initial three-month period ended June 30, 2011. No additional flow-through shares financing occurred during the current period. As at September 30, 2011, the balance of the liability related to flow-through shares was $559,119. An amount of $240,881 has been recognized as other income related to flow-through shares in the condensed interim statement of comprehensive loss for the three-month period ended September 30, 2011, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

During the period, the Company committed to issue 100,000 units consisting in 100,000 common shares and 100,000 warrants as part of the consideration for the acquisition of three (3) mining claims assigned to the Valiquette property. The proceeds of the common shares and warrants to be issued is evaluated at $26,000, of which, $20,616 was attributed to the common shares and $5,384 to the warrants.

6. Share capital (continued):

During the period, the Company also committed to issue 50,000 common shares evaluated at $12,000 as part of the consideration for the acquisition of ten (10) mining claims assigned to the Arques property.

7. Share-based payments and warrants:

The shareholders of the Company approved a share purchase option plan (the “plan”) whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Company share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant.

The plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the plan shall be equal to 2,325,000 common shares. The maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for consultants and investors relation representative. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted.

(a) Warrants, other than those granted to brokers:

Changes in the Company’s warrants, other than those granted to brokers, were as follows:

	September 30, 2011		June 30, 2011	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	2,500,000	0.45	-	-
Granted	-	-	2,500,000	0.45
To be granted in relation with the shares to be issued	100,000	0.40	-	-
Outstanding, end of period	2,600,000	0.45	2,500,000	0.45

7. Share purchase options and warrants (continued):

(a) Warrants, other than those granted to brokers (continued):

For the three-month period ended September 30, 2011, the application of the fair value model resulted in an increase of $5,384 in the warrants on common shares related to the shares to be issued.

	September 30, 2011	June 30, 2011
	$	$
Weighted average fair value of warrants granted	0.09	0.09

The following table summarizes the information relating to the warrants:

Number of warrants outstanding as at September 30, 2011	Exercise price	Expiry date
	$	
2,500,000 (exercisable)	0.45	December 2012
100,000 (to be issued)	0.40	January 2013

The fair value of the warrants granted, other than to brokers, is established according to the Black & Scholes pricing model using the following assumptions:

	September 30, 2011	June 30, 2011
Risk-free interest rate:	1.47%	1.57%
Expected annual dividend rate	0%	0%
Expected annualized volatility	74%	71%
Expected life of warrants	1.5 years	1.5 years

7. Share purchase options and warrants (continued):

(b) Warrants granted to brokers:

Changes in the Company's warrants granted to brokers were as follows:

	September 30, 2011		June 30, 2011	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	910,000	0.40	-	-
Granted	-	-	910,000	0.40
Outstanding, end of period	910,000	0.40	910,000	0.40

	September 30, 2011	June 30, 2011
	$	$
Weighted average fair value of warrants granted to brokers	0.11	0.11

The following table summarizes the information relating to the warrants granted to brokers:

Number of warrants outstanding as at September 30, 2011	Exercise price	Expiry date
	$	
910,000	0.40	December 2012

7. Share purchase options and warrants (continued):

(b) Warrants granted to brokers (continued):

The fair value of the warrants granted was established according to the Black & Scholes pricing model using the following assumptions:

	September 30, 2011	June 30, 2011
Risk-free interest rate:	-	1.57%
Expected annual dividend rate	-	0%
Expected annualized volatility	-	71%
Expected life of warrants	-	1.5 years

(c) Share purchase options:

Changes in the Company's share purchase options granted to directors, officers, employees and consultants were as follows:

	September 30, 2011		June 30, 2011	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	-	-	-	-
Granted	2,000,000	0.40	-	-
Outstanding, end of period	2,000,000	0.40	-	-

7. Share purchase options and warrants (continued):

(c) Share purchase options (continued):

	September 30, 2011	June 30, 2011
	$	$
Weighted average fair value of share purchase options granted	0.23	-

The fair value of the options granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	September 30, 2011	June 30, 2011
Risk-free interest rate:	2.07%	-
Expected annual dividend rate	0%	-
Expected annualized volatility	99%	-
Expected life of options	4.9 years	-

For the three-month period ended September 30, 2011, the application of the fair value model resulted in a share-based payments expense of $338,710.

The following table summarizes the information relating to the share purchase options:

Number of warrants outstanding as at September 30, 2011		Exercise price	Expiry date
Outstanding	Exercisable		
		$	
1,900,000	1,337,500	0.40	July 2016
100,000	25,000	0.40	July 2013

8. Contingencies:

(a) The Company's operations are governed by laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at that time.

(b) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

9. Commitments:

Monarques' 100% owned properties of the Lac Levac, Lac des Montagnes and Lac Arques properties have been restructured after the spin-off transaction. The Company restructured these three properties into seven (7) properties to reflect upon different geological settings and to facilitate their management. These changes are being reflected in the following commitments:

(a) Arques / Bourier / Lemare / Nisk (previously Lac Arques):

Upon the acquisition of the properties the Company took in charge 100% of an agreement on a group of 396 claims included in the Lac Arques property in the province of Quebec. Upon the properties restructuration, these 396 claims related to this commitment were assigned as follows: 109 claims to the Arques property, 142 claims to the Bourier, 98 claims to the Lemare property and 47 claims to the Nisk property.

As part of this agreement, the Company has agreed to pay to one of the seller a maximum of $1,000,000, conditional on the achievement of certain stages of works and results on the claims acquired under the Lac Arques Purchase and Sale Agreement, which are defined as follows:

- $50,000 if and when the Company will have completed exploration work corresponding to a minimum amount of $2,500,000 on the property;
- $150,000 if and when the Company will have completed exploration work corresponding to a cumulative minimum amount of $5,000,000 on the property;
- $300,000 upon obtaining an independent pre-feasibility study; and
- $500,000 upon obtaining of an independent feasibility study confirming that the property can support commercial production.

9. Commitments (continued):

(a) Arques / Bourier / Lemare / Nisk (previously Lac Arques) (continued):

As at September 30, 2011, cumulative exploration expenses totalling $2,052,284 ($2,037,224 as at June 30, 2011) were done on the properties, of which, $1,911,404 is included in the acquisition costs of the properties. This cumulative amount must be taken into consideration in the calculation of the minimum exploration work to be carried out to reach the trigger level of payments.

The payment of a 3% NSR to the initial sellers under the Lac Arques Purchase and Sale Agreement in case of a commercial production of all metals extracted from the or part of the 396 claims. However, the Company shall have the option at all time and until the expiration of a period of 3 months following the official production statement, to repurchase 1% NSR from the vendors, proportional to their interest therein subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments, the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

(b) Arques / Lemare / Nisk (previously Lac Levac):

Upon the properties restructuration, 150 claims related to this commitment of the Lac Levac property were assigned as follows: 1 claim to the Arques property, 83 claims to the Lemare property and 66 claims to the Nisk property. Pursuant to a net smelter return agreement dated January 15, 2010 (the “Net Smelter Return Agreement”); the initial seller Inc. has retained a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years.

In addition, the Company has undertaken, should it receive a good-faith offer from a third-party for any of the Nisk property claims, not to dispose of any such Nisk claims without having entitled the initial seller to purchase such Nisk claims at the price of such offer, pursuant to a right of first refusal agreement dated January 15, 2010 (the “Right of First Refusal Agreement”).

9. Commitments (continued):

(c) Caumont / Duval / Valiquette (previously Lac des Montagnes):

From the 279 claims forming the Lac des Montagnes property, 197 of them have been designated before November 2008 as being subject to a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years to be paid in favor of the initial seller. Upon the properties restructuration, these 197 claims related to this commitment were assigned as follows: 19 claims to the Caumont property, 56 claims to the Duval property and 122 claims to the Valiquette property. Furthermore, the initial seller keeps a right of first refusal should the Company receive a good-faith offer from a third-party for any of the 197 claims to purchase such claims at the price of such offer.

In addition, pursuant to an acquisition agreement dated October 28, 2010 for 24 claims forming part of the Lac des Montagnes Property (part of the Caumont West block) these claims are subject to a 1.5% NSR payable in favor of the initial seller. 1% of that NSR can be repurchased at all time and until the expiration of a period of 3 months following the official production statement, subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments, the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

(d) Arques:

On September 28, 2011, the Company accounted the acquisition of ten (10) mining claims known as “the North Rupert Block”, which were held by the seller. These mining claims are located in the Province of Québec and are enclosed in the Arques property 100% owned by the Company.

On October 12, 2011, the Company paid to the seller $5,000 in cash and issued 50,000 common shares in the capital of the Company as a consideration for the claims acquired. These common shares are subject to a 4-month hold period.

Also, the Company has agreed to pay the seller 1.5% NSR if any of the claims comprising the North Rupert Block are brought into production. The Company has the right, at any time, to purchase 0.5% of the NSR by paying the seller the sum of $500,000 in cash.

9. Commitments (continued):

(e) Valiquette:

On July 14, 2011, the Company purchased three (3) mining claims located to the west of the Valiquette property. Conditional to reaching a certain number of meters of diamond drilling on the claims, the Company has also agreed to pay to the seller an additional amount of a maximum of $60,000 and to issue a maximum of 500,000 additional units, in equal portions of $15,000 and 100,000 units, every 3,000 meters of diamond drilling on the claims, starting from 3,000 meters. The exercise price of the warrants at the date of granting will be established as the weighted average price of the common shares on the TSX Venture Exchange, during the period of 30 calendar days following the reaching of said number of meters. This commitment is in force as long as the claims remain in good standing. Also, the Company has agreed to pay to the seller a 2% NSR on all metals from the acquired claims. The Company has the right, at any time until the expiration of the 3 months period following the official production statement, to purchase 1% of the NSR by paying to the seller the sum of $1,000,000 in cash.

(f) Flow-through shares:

The Company is committed to incur exploration and evaluation expenses of $4,000,000 by December 31, 2012 and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on June 10, 2011. As at September 30, 2011, the Company had funds reserved for exploration amounting to $2,745,595 ($4,000,000 as at June 30, 2011).

10. Related party transactions:

During the period ended on September 30, 2011, the Company incurred $12,083 as compensation to the members of the Board of Directors and also incurred $186,420 of share-based payments expense in relation with the share purchase options granted to members of the Board of Directors.

Inter-company transactions carried out between the Company and the company having significant influence, Nemaska Exploration Inc. (“Nemaska”), totalled $404,850 (excluding sales tax), including $277,215 of exploration expenses, $54,171 of compensation, of which $40,625 represents wages paid to the president and the chief financial officer, $24,150 paid for consultants and professionals, $14,583 as representation / promotion / missions / expositions and $19,660 as general administrative and office expenses. These amounts reimbursed by the Company to Nemaska were paid by Nemaska on behalf of the Company.

10. Related party transactions (continued):

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 by the related parties. The inter-company balance between the Company and Nemaska as at September 30, 2011 totalled $539,870 ($199,109 as at June 30, 2011) and is included in the accounts payable and accrued liabilities.

11. Items not affecting cash and cash equivalents:

	Three months ended September 30, 2011
	$
Non-cash items:	
Acquisition of mining properties by issuance of shares and warrants	38,000
Accounts payable and accrued liabilities related to the acquisition of mining properties	5,000
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	580,875

12. Compensation:

	Three months ended September 30, 2011
	$
Wages and fringe benefits paid to key management personnel	40,625
Wages and fringe benefits paid to the other staff employees	13,546
Fees paid to the members of the Board of Directors	12,083
	66,254

The Company also incurred $131,207 of share-based payments expense in relation with share purchase options granted to key management personnel.

13. Future income and mining taxes:

The income tax expense differs from the amounts computed by applying the combined federal and provincial income tax rate of 27.65% to the loss before income taxes due to the following:

	Three months ended September 30, 2011
	$
Loss before income taxes	(261,118)
Computed (expected) tax recovery	(72,199)
Increase (decrease) in income taxes resulting from:	
Non-deductible share-based payment	93,653
Income tax at future rate	1,225
Change in unrecognized deferred income tax assets	(9,060)
Deferred tax arising from exploration and evaluation assets financed through flow-through shares	324,000
Permanent difference arising from the non-deductible income related to flow-through shares	(66,619)
Deferred income tax expense	271,000

Movements in temporary differences during the period ended September 30, 2011 are detailed as follows:

	Balance June 30, 2011	Recognized in profit or loss	Recognized directly in equity	Balance September 30, 2011
	$	$	$	$
Deferred tax assets:				
Operating losses	33,000	(9,060)	(13,000)	10,940
Share issuance costs	258,000	-	(258,000)	-
	291,000	(9,060)	(271,000)	10,940

13. Future income and mining taxes (continued):

Deferred tax assets have not been recognized in respect of the following items:

	September 30, 2011	June 30, 2011
	$	$
Losses carried forward	10,940	33,000
Share issuance expenses	-	258,000
Total of future tax assets not recognized	10,940	291,000

As at September 30, 2011, the Company has the following non-capital tax losses, available to reduce future years income for tax purposes:

Year incurred	Federal	Provincial	Expiry
	$	$	
2011	123,744	123,670	2031
2012	163,288	163,288	2032

14. Earnings per share:

For the three-month period ended September 30, 2011, the calculation of the basic and diluted earnings per share was calculated based on the loss of $532,118 attributable to common shareholders divided by the basic and diluted weighted average number of common shares outstanding calculated as follows:

	Three months ended September 30, 2011
Basic and diluted weighted average number of shares outstanding, beginning of year	31,750,100
Effect of shares to be issued based on the dates that the acquisition of the mining properties were recognized	44,565
Basic and diluted weighted average number of shares outstanding, end of period	31,794,665

14. Earnings per share (continued):

The following elements were excluded from the diluted weighted average number of common shares calculation since their effect would have been antidilutive, as the exercise price is higher than the average market price of the common shares during the period:

	Three months ended September 30, 2011
Number of warrants	3,510,000
Number of share purchase options	2,000,000

15. Financial instruments and financial risk management:

Fair value of financial instruments

The carrying amounts of short-term financial assets and liabilities, which include cash and cash equivalent, taxes receivables and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturities of these financial instruments.

Risk exposure and management

The Company is exposed to a certain amount of risks at different levels. The type of risk and the way the exposure is managed are described hereafter.

(i) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash equivalents bear interest at fixed rate to 1.30% per year. In relation with those items, there is no exposure to fair value variation due to the fact that they are redeemable at any time. The other financial assets and liabilities of the Company do not represent interest risk because they are without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Currency risk:

The Company is not exposed to currency fluctuations as all transactions up to now have occurred in Canadian dollars.

15. Financial instruments and financial risk management (continued):

Risk exposure and management (continued)

(ii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities as they fall due.

The Company manages liquidity risk through the management of its capital structure, as outlined in note 16. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

At the end of the three-month period ended September 30, 2011, all of the Company's financial liabilities had contractual maturities of less than one year. As at September 30, 2011, the Company had $1,233,686 in cash and cash equivalents ($1,092,699 as at June 30, 2011) to meet its financial liabilities and future financial liabilities from its commitments; and also had $2,745,595 ($4,000,000 as at June 30, 2011) of funds reserved for exploration.

(iii) Credit risk:

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents. Financial instruments which potentially expose the Company to credit risk mainly consist of cash and cash equivalents. The credit risk on cash and term deposit is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Also, as the majority of its receivables are from the governments of Quebec and Canada in the form of sales taxes receivable, the credit risk is minimal.

16. Capital management:

There were no significant changes in the Company's approach to capital management during the current period compared with the prior year.

As at September 30, 2011, the capital of the Company consists of shareholder's equity amounting to $11,719,807 ($11,617,315 as at June 30, 2011).

The Company's capital management objective is to have sufficient capital to be able to meet its exploration activities plan in order to ensure the growth of its activities. It has also the objective to have sufficient liquidity to finance the exploration expenses, the investing activities and the working capital requirements.

16. Capital management (continued):

The Company is subject to contractual requirements related to the use of funds obtained by flow-through shares financing. These funds have to be incurred for eligible exploration expenses as per the Canadian tax rules and regulations. The Company has no dividend policy.