

MANAGEMENT DISCUSSION AND ANALYSIS



PERIOD ENDED
MARCH 31, 2014
3RD QUARTER

MONARQUES RESOURCES INC.

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The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of the Company and the highlights of its financial situation. It explains the financial situation and the results for the three-month and nine-month periods ended March 31, 2014 and the comparison of the Company's statement of financial position as at March 31, 2014 and June 30, 2013.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited financial statements of the Company for the fiscal year ended June 30, 2013 and the related notes thereto.

The unaudited condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on May 27, 2014. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

Forward looking statements

Some statements contained in this MD&A, specially 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 terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The real results for the Company could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these 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 prospective statements to reflect, in particular, new information or future events, and it is by no means committed doing so.

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 shares trade on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is an associate of Nemaska Lithium Inc. (Nemaska), a company that trades on the TSX Venture under the symbol NMX and owns 27.78% as at March 31, 2014 (31.25% as at June 30, 2013) of the share capital of the Company.

The Company has not yet determined if any of its mining properties contain 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.

Management expects that the funds available to the Company at the end of the period will provide the Company with adequate funding for the remaining of the current fiscal year, but not for the next 12 months, in order to cover its budget for general administrative expenses, to meet its short-term obligations associated with its financial liabilities, and to complete its planned 2014 calendar year exploration budget. However, the Company will need to raise funds during the second half of the 2014 calendar year in order to provide the Company with adequate funding to cover its budget for general administrative expenses, to meet its short-term obligations associated with its financial liabilities associated with its second half of the 2014-2015 fiscal year. Since the Company does not generate revenues, the Company will need to periodically obtain new funds to pursue its operations and, despite its ability to obtain funds in the past, there is no guarantee that it will be able to raise financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate exploration plans which could harm the business, financial condition and results of operations, and could impact the Company's ability to continue as a going concern beyond the current fiscal year.

The condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and on the assumption of going concern. 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. The condensed interim financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

Highlights for the three-month and nine-month periods ended March 31, 2014 and up to the date of this report, scope of activities and next steps

2013 was a year of transformation for the Company. The Company has changed its focus from a James Bay region pure exploration play to an advanced gold exploration company in the Val-d'Or area. We accomplished a re-positioning of the Company in less than a year with the acquisition of properties covering more than 100 km² in the Val-d'Or region by the end of 2013,

On the Simkar gold project, the \$750,000 drill campaign in the 2013 fall season enabled the Company to complete its obligations of the Joint-Venture Agreement with Eoro Resources Inc (Eoro). Then, on November 21st, 2013, the Company continued the exploration program which brought the Company's interest, by the end of December 2013, to 57%, with 43% remaining for Eoro's interest in the joint-venture. Upon funding another \$950,000 exploration work program and providing that Eoro elects not to contribute, the Company could then have acquired 100% of the Simkar Gold project.

On September 5, 2013, the Company completed the acquisition of 4 properties belonging to X-Ore Resources Inc., a subsidiary of Blue Note Mining in the gold-bearing sector of Val-d'Or: the Tex-Sol, Belcourt, Lac Tavernier and Bel-Rive properties. These properties consist of 101 mining claims and cover a total area of 43 km². The purchase price was \$25,000 cash for the 4 properties.

On September 23, 2013, the Company acquired for an amount of \$120,000 a 50% undivided interest in the Simkar gold mining property owned by Eoro Resources Ltd. ("Eoro"). On August 6, 2013, a Conditional Asset Purchase Agreement was entered into between the Company and Eoro (the "Purchase Agreement"), as amended by an Amending Agreement effective as of August 6, 2013 entered into between the Company, Eoro and 6949541 Canada Inc. (collectively with the Purchase Agreement, the "Agreement"). As announced on August 8, 2013, the property involved in the transaction consists of a contiguous group of two mining concessions and 11 mineral claims covering an area of 4.05 km², located 20 km east of Val-d'Or in the heart of the Abitibi Greenstone Belt (the "Property"). The Company and Eoro have formed

a joint venture to manage exploration on the Property, with the Company acting as the project operator. Pursuant to the terms of the Agreement and in consideration of the payment of \$120,000, the Company received 8,000,000 common shares in the share capital of Eloro, at a price of \$0.015 per common share, representing approximately 12.82% of Eloro's 62,398,480 common shares currently issued and outstanding as of September 20, 2013. Aside from the 8,000,000 common shares it acquired under the Offering, which are listed on the TSX Venture Exchange, the Company does not own any other securities of Eloro. The common shares issued by Eloro are subject to different holding periods until September 20, 2014 as follows: 2,400,000 shares until June 20, 2014; and 2,400,000 shares until September 20, 2014. On January 21, 2014 and on March 20, 2014, 1,600,000 shares were released from escrow, respectively, for a total of 3,200,000 shares. The Company had also committed to carry out \$750,000 in exploration work on the Property by June 30, 2014. This commitment was fulfilled as at December 31, 2013.

On November 21, 2013, 2,000,000 warrants were exercised by shareholders at an exercise price of \$0.11 per share for a total amount of \$220,000. These warrants were part of the warrants having an expiry date of June 20, 2014. The exercise price was modified from \$0.20 to \$0.11 following the issuance of a bulletin by the TSX Venture Stock Exchange dated November 6, 2013 approving the exercise price change.

On December 23, 2013, the Company closed a brokered private placement for an aggregate gross proceeds of \$252,000. Pursuant to this placement, the Company issued a total of 210 flow-through units offered at a price of \$1,200 per unit. Each unit being comprised of 6,000 flow-through shares at a price of \$0.16 per flow-through share, 2,000 common shares at a price of \$0.12 per common share, and 4,000 warrants. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.20 per common share, until December 23, 2015. In consideration for its services, the agent received a cash commission of \$25,200 and 84,000 agent's compensation warrants to purchase, until December 23, 2015, a total of 84,000 common shares at a price of \$0.12 per common share.

An impairment charge was recorded following the Company's decision to focus its development strategy and capital on the acquisition & development of gold assets located in the Val-d'Or region and related to the Cadillac Fault System. All or part of the 10 mining properties located in the Nemaska region of the James Bay area were tested for impairment. As a result, an impairment charge of \$5,941,317 was recorded against the mining properties and an impairment charge of \$4,395,437 was recorded against the exploration and evaluation assets in the condensed interim statements of loss and comprehensive loss. The estimated amount of fair value less cost to sell was based on market participant information that management considered reasonable for assessment purposes and was also based on other factors such as the current market conditions and change in the investment strategy of the Company.

On February 7, 2014, the Company closed a private placement for a gross proceed of \$200,000 of an aggregate of 1,818,181 units at a price of \$0.11 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for a period of 24 months from the date of closing to purchase one common share of the Company at a price of \$0.14.

On February 10, 2014, a total of 800,000 warrants were exercised at a price of \$0.11 per common share, following an approved warrants exercise price change from \$0.20 to \$0.11. The Company then issued a total of 800,000 common shares upon these exercises.

On May 12, 2014, pursuant to the proposal of X-Ore Resources Inc. ("X-Ore") under the Bankruptcy and Insolvency Act, the Company subscribed to 9,999 or 99.99% of all the common shares issued and outstanding of X-Ore. The agreed subscription price for such shares consisted of \$110,000 and 1,455,000 common shares of the Company. The cash

portion, which was put in escrow pending the completion of the transaction, is recorded as “Deferred mining properties acquisition costs and deposits” in the condensed interim statements of financial position as at March 31, 2014. The common shares issued upon the completion of the transaction are escrowed for a period of six months following the closing of the transaction, and in accordance with the applicable securities regulations, will be subject to a hold period of four months and one day expiring on September 13, 2014. X-Ore owns fifty percent (50%) of the Croinor property for which a positive preliminary economic assessment has been filed on SEDAR and for which X-Ore is the project operator under a joint venture agreement with Critical Element Corp.; and 100% of the Croinor-Pershing property. The mining properties are located approximately 70 kilometres east of Val-d’Or by road. They cover a total area of 55 square kilometres and comprise 212 mining claims and one mining lease. The properties have accumulated over \$7.5-million in work credits with the Ministry of Natural Resources.

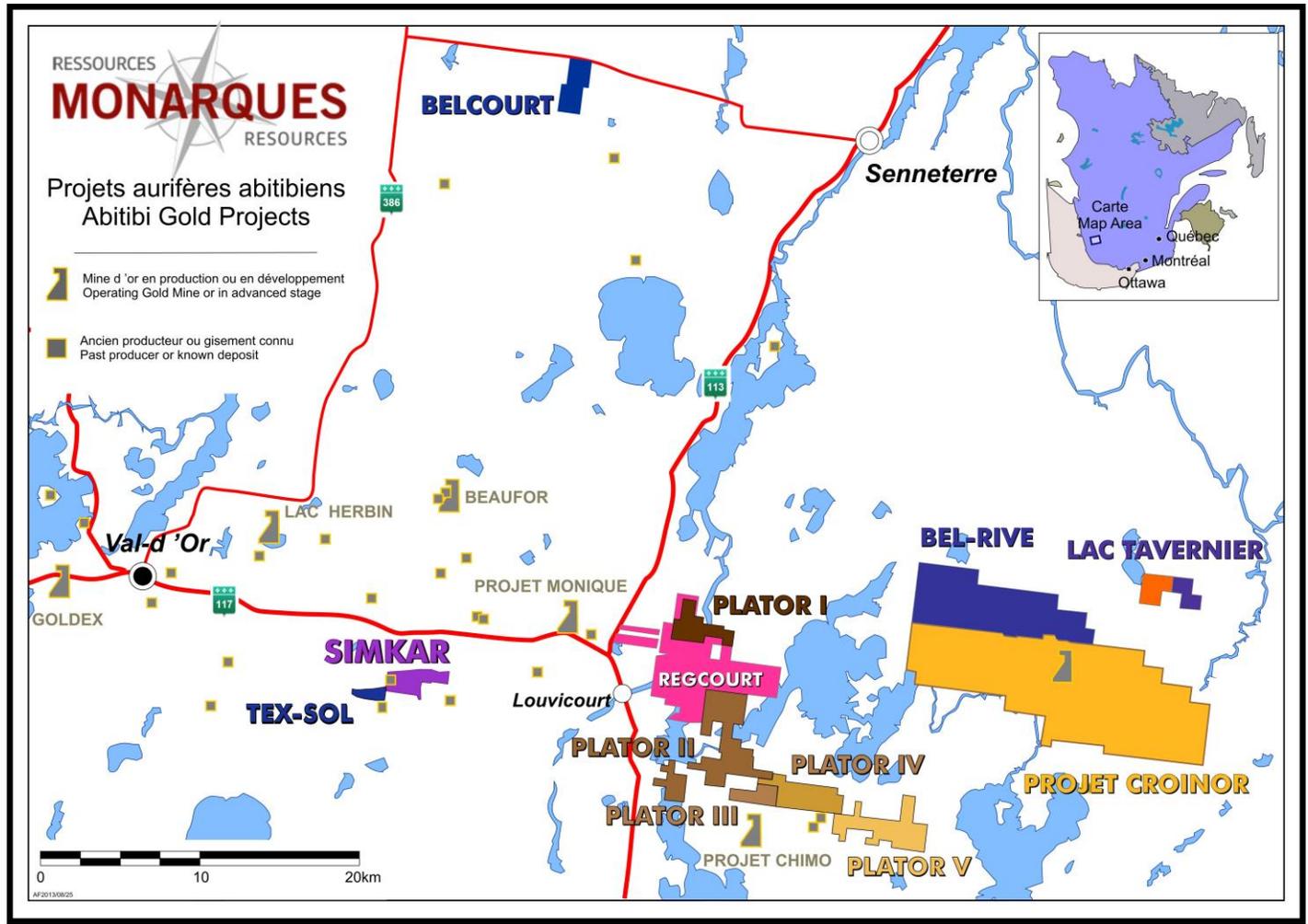
On May 12, 2014, in parallel with the X-Ore transaction, the Company completed the acquisition of the other undivided 50% interest in the Croinor property from Critical Elements Corporation (“CEC”), which transaction was initially announced on December 17, 2013. In consideration of this acquisition, the Company issued 500,000 common shares of its share capital to CEC at a deemed price of \$0.15 per common share, and transferred 10 of its mineral properties in the James Bay area to CEC: the Amiral, Arques, Bourier, Caumont, Dumulon, Duval, Lemare, Nisk, Rosebay and Valiquette. The common shares held by CEC will be subject to voluntary hold periods as follows: 250,000 common shares to be released six months after the closing of the CEC Transaction and 250,000 to be released 12 months after the closing of the CEC Transaction. In accordance with the applicable securities regulations, the common shares of the Company held by CEC will also be subject to a hold period of four months and one day, expiring on September 13, 2014.

Following the closing of the X-Ore Transaction and the CEC Transaction that took place on May 12, 2014, the Corporation owns, directly and indirectly, a 100% interest in the Croinor property; some of the claims of this property remain subject to a 1.5% Net Smelter Return (NSR) royalty.

On May 16, 2014, a total of 400,000 warrants were exercised at a price of \$0.11 per common share, following an approved warrants exercise price change from \$0.20 to \$0.11. The Company then issued a total of 400,000 common shares upon these exercises.

As at the date of this report and as shown in the following map, the Company owns, directly or indirectly, in the Val-d’Or area, 13 properties, totalling 611 claims, 2 mining concessions and 1 mining leases:

Val-d'Or area (13 properties, 1 mining lease and 2 mining concessions):



In May 2013, the Company started to acquire gold properties in the Val-d'Or area. So far the Company has built a portfolio of 13 properties, in the Val-d'Or area, totalling 611 Claims, 1 mining lease and two (2) mining concession as at the date of this report. They are described as follows:

Property	Details	Objective	Results
Croinor	In May 2014, acquisition of 100 % of the Croinor, Croinor –pershing properties. The properties consist of 212 mining claims and 1 mining lease. They are located 70 km east of Val-d'Or, In the Cadillac Break.	Acquire a property with an historical resources with production potential in a near future.	Croinor becomes the flagship project of the Company.
Simkar	In September 2013, acquisition of a 50% undivided interest in the Simkar property, a flagship project. The property consist of a contiguous group of two mining concessions and 11 mineral claims, located 20 km east of Val-d'Or in the heart of the Abitibi Greenstone Belt.	Identify new zones and potential on lateral extension and at depth. Additional geophysics is required to define future drilling campaign	2013 drill campaign confirm presence of silver and potential to increase the actual resources.
Regcourt	In May 2013, acquisition of 89 claims located 30 km East of Val-d'Or for a total area of 30 km ² . Underground work has been carried out on the Regcourt property in 1946-47, and includes a 544-foot-deep (165 m) mine shaft and 1,317 feet (400 m) of drifts.	Expand the portfolio of advanced exploration asset	Addition of the property to the portfolio of gold exploration assets.
Tex-Sol, Belcourt, Lac Tavernier, Bel-Rive	In September 2013, acquisition from X-Ore resources, a subsidiary of Blue Note Mining, 107 mining claims covering an area of 43 km ² on four (4) properties.	Expand the portfolio of grassroots gold assets in Val-d'Or area	Addition of the property to the portfolio of gold exploration assets
Plator I to V	In June 2013, acquisition of a 100% interest in 192 mining claims previously belonging to Plato and are now forming 5 properties in the asset portfolio of the Company.	Expand the portfolio of grassroots gold assets in Val-d'Or area	Addition of the property to the portfolio of gold exploration assets

The foreseen main works on the properties are as follows:

MAIN WORKS PLANNED ON VAL-D'OR PROPERTIES	
Property	Work
<i>Croinor</i>	NI 43-101 resources and PEA update
<i>Simkar</i>	Geophysics, geological surveys, prospecting and trenching.
<i>Regcourt</i>	Data compilation and reporting.
<i>Tex-Sol</i>	Data compilation and reporting.
<i>Belcourt</i>	Data compilation and reporting.
<i>Lac Tavernier</i>	Data compilation and reporting.
<i>Belrive</i>	Data compilation and reporting.
<i>Plator I</i>	Data compilation and reporting.
<i>Plator II</i>	Data compilation and reporting.
<i>Plator III</i>	Data compilation and reporting.
<i>Plator IV</i>	Data compilation and reporting.
<i>Plator V</i>	Data compilation and reporting.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the statement of loss and comprehensive loss for the three-month and nine-month periods ended March 31, 2014 and 2013 as well as the statement of financial position as at March 31, 2014 and June 30, 2013.

Statements of loss and comprehensive loss selected financial information				
	Three-month periods ended March 31		Nine-month periods ended March 31	
Earnings and comprehensive loss	2014 (\$)	2013 (\$)	2014 (\$)	2013 (\$)
Interest income	1,879	6,362	12,422	10,666
Loss before income taxes	121,356	60,223	10,826,517	308,539
Net loss	121,356	171,389	10,309,495	509,956
Comprehensive loss	121,356	171,389	10,229,495	509,956
Loss per share, basic and diluted	0.002	0.003	0.194	0.012
Statements of Financial Position selected financial information				
	As at			
	March 31, 2014 (\$)		June 30, 2013 (\$)	
Cash and cash equivalents ⁽¹⁾	724,538		2,093,271	
Working capital ⁽²⁾	671,836		1,008,458	
Total assets	4,418,780		14,682,178	
Total liabilities	158,941		898,827	
Shareholder's Equity	4,259,839		13,783,351	

⁽¹⁾ The cash and cash equivalents includes \$131,148 (\$951,070 as at June 30, 2013) of cash reserved for exploration expenses.

⁽²⁾ This is a non GAAP measure defined as the current assets excluding the cash reserved for exploration, less the current liabilities excluding the liability related to flow-through shares.

Statement of financial position as at March 31, 2014

As at March 31, 2014, the total assets of the Company totalled \$4,418,780, representing a net increase of \$23,216 and a decrease of \$10,263,398 when compared to December 31, 2013 and June 30, 2013, respectively. The increase in the total assets as at March 31, 2014 compare with December 31, 2013 is mostly related to: i) the closing of financings amounting to a net proceed of \$234,380; ii) the decrease in the accounts payable for a total of \$101,904; and iii) the cash flow used for the operating activities amounting to \$72,615. On the other hand, the total assets decreased by \$10,263,398 as at March 31, 2014 compare with December 31, 2013 is mostly related to: i) the impairment in the mining properties value in the amount of \$5,941,317; ii) the impairment in the exploration and evaluation assets value in the amount of \$4,395,437; and iii) the cash flow used for operating activities amounting to \$603,749. However, the decrease as at March 31, 2014 was mitigated by the closing of financings amounting to a net proceed of \$669,857 during the nine-month period ending March 31, 2014.

Management expects that the funds available to the Company at the end of the period will provide the Company with adequate funding for the remaining of the current fiscal year, but not for the next 12 months, in order to cover its budget for general administrative expenses, to meet its short-term obligations, and to complete its planned 2014 calendar year exploration budget. Accordingly, the Company will need to raise funds during the second half of the 2014 calendar year in order to provide the Company with adequate funding to cover its budget for general administrative expenses, to meet its short-term obligations associated with its financial liabilities associated with its second half of the 2014-2015 fiscal year. Since the Company does not generate revenues, the Company will need to periodically obtain new funds to pursue its operations and, despite its ability to obtain funds in the past, there is no guarantee that it will be able to raise financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate exploration plans which could harm the business, financial condition and results of operations, and could impact the Company's ability to continue as a going concern beyond the current fiscal year.

Statements of Loss and Comprehensive Loss**Three-month periods ended March 31, 2014 and 2013**

	THREE-MONTHS ENDED MARCH 31,	
	2014	2013
	\$	\$
EXPENSES:		
Compensation	92,048	108,319
Share-based payments	-	17,971
Rent, office expense and other expenses	12,851	11,627
Registration, listing fees and shareholders' information	13,628	10,173
Promotion and advertising	13,096	1,485
Representation, missions and trade shows	11,378	6,854
Consultant fees	6,036	5,817
Professional fees	(15,242)	16,903
	133,795	179,149
NET FINANCE EXPENSE (INCOME):		
Finance income	(1,879)	(6,362)
Finance expense	738	1,283
	(1,141)	(5,079)
Operating loss	132,654	174,070

Management discussion and analysis**May 26, 2014****OTHER ITEMS:**

Other income related to flow-through shares	(11,298)	(113,847)
	(11,298)	(113,847)
Net loss before income taxes	121,356	60,223
Income taxes (recovery) expense	-	111,166
Net loss and comprehensive loss for the period	121,356	171,389
Basic and diluted loss per share	0.002	0.003
Weighted average number of shares outstanding	55,825,259	50,567,900

The results for the quarter show an operating loss of \$132,654 (\$174,070 for the same period in the previous year). Aside from interest revenues of \$1,879 (\$6,362 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous statement of loss and comprehensive loss, the main variations between the current three-month period and the previous year comparative figures are: i) Promotion and advertising increased by \$11,611 mainly due to more efforts done in order to promote the Company in the Val-d'Or region; ii) share-based payments, a non-cash item, decreased by \$17,971 mainly due to less options issued during the quarter; and iii) decrease of \$32,145 in professional fees mainly due to legal fees expense adjustments.

Financing activities for the three-month period ended March 31, 2014

On February 7, 2014, the Company closed a private placement for an aggregate gross proceeds of \$200,000. Pursuant to this placement, the Company issued a total of 1,818,181 units offered at a price of \$0.11 per unit. Each unit being comprised of 1 common share and 1 warrant. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.14 per common share, until February 7, 2016.

On February 10, 2014, a total of 800,000 warrants were exercised at a price of \$0.11 per common share, following an approved warrants exercise price change from \$0.20 to \$0.11, for a total gross proceeds of \$88,000. The Company then issued a total of 800,000 common shares upon these exercises.

Investing activities for the three-month period ended March 31, 2014

During the second quarter, the cash flow used by the investing activities totalling \$133,193 was for exploration and evaluation assets for a total of \$93,421 (net of the variation during the period in the accounts payables and accrued liabilities related to such amounting to \$48,230). Also, a portion of the cash flow during the quarter was used for deferred mining properties acquisition costs and deposits for a total of \$38,907.

Management discussion and analysis

May 26, 2014

The details for the total exploration and evaluation expenses done during the three-month period ended on March 31, 2014 on each property are presented in the following table:

Properties	Balance as at Dec. 31, 2013 (\$)	Salaries and fringe benefits (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase (Decrease) for the period (\$)	Impairment	Balance as at March 31, 2014 (\$)
Amiral	-	-	-	-	-	-	-	-	-
Arques	-	-	-	-	-	-	-	-	-
Belcourt	2,449	-	-	-	-	-	-	-	2,449
Bel-Rive	1,841	-	-	-	-	-	-	-	1,841
Bourier	-	-	-	-	-	-	-	-	-
Caumont	-	-	-	-	-	-	-	-	-
Dumulon	-	-	-	-	-	-	-	-	-
Duval	-	-	-	-	-	-	-	-	-
Lac Tavernier	1,838	-	-	-	-	-	-	-	1,838
Lemare	-	-	-	-	-	-	-	-	-
Nisk	306,628	-	-	-	-	-	-	-	306,628
Plator I	120	-	-	-	-	-	-	-	120
Plator II	120	-	-	-	-	-	-	-	120
Plator III	120	-	-	-	-	-	-	-	120
Plator IV	120	-	-	-	-	-	-	-	120
Plator V	120	-	-	-	-	-	-	-	120
Regcourt	34,285	-	-	-	-	-	-	-	34,285
Rosebay	-	-	-	-	-	-	-	-	-
Simkar	952,786	10,350	-	13,021	21,821	-	45,192	-	997,978
Tex-Sol	8,389	-	-	-	-	-	-	-	8,389
Valiquette	-	-	-	-	-	-	-	-	-
TOTAL	1,308,816	10,350	-	13,021	21,821	-	45,192	-	1,354,008

Management discussion and analysis

May 26, 2014

Statements of Loss and Comprehensive Loss

Nine-month periods ended March 31, 2014 and 2013

	NINE-MONTHS ENDED MARCH 31,	
	2014	2013
	\$	\$
EXPENSES:		
Compensation	296,696	267,197
Share-based payments	86,526	90,926
Rent, office expense and other expenses	37,245	36,735
Registration, listing fees and shareholders' information	48,577	53,132
Promotion and advertising	30,105	2,825
Representation, missions and trade shows	27,618	11,130
Consultant fees	24,638	36,262
Professional fees	71,442	60,053
	622,847	558,260
NET FINANCE EXPENSE (INCOME):		
Finance income	(12,422)	(10,666)
Finance expense	7,165	2,454
	(5,257)	(8,212)
Operating loss	617,590	550,048
OTHER ITEMS:		
Other income related to flow-through shares	(207,827)	(241,509)
Change in fair value of available-for-sale marketable securities	80,000	-
Impairment of mining properties	5,941,317	-
Impairment of exploration and evaluation assets	4,395,437	-
	10,208,927	(241,509)
Net loss before income taxes	10,826,517	308,539
Income taxes (recovery) expense	(517,022)	201,417
Net loss for the period	10,309,495	509,956
Other comprehensive income:		
Change in fair value of available-for-sale marketable securities	(80,000)	-
Comprehensive loss for the period	10,229,495	509,956
Basic and diluted loss per share	0.194	0.012
Weighted average number of shares outstanding	52,764,933	41,985,235

The results for the nine-month period ended March 31, 2014 show an operating loss of \$617,590 (\$550,048 for the same period in the previous year). Aside from interest revenues of \$12,422 (\$10,666 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous statement of loss and comprehensive loss, the main variations between the current nine-month period and the previous year comparative figures are: i) impairment loss totalling \$10,336,754 was recorded based on market participant information that management considered reasonable for assessing the estimated recoverable amount of the fair value less the cost to sell and also based on other factors such as the current market conditions and change in the investment strategy of the Company to focus its energies and capital on the acquisition & development of gold assets on the Cadillac Fault located in the Val-d'Or region; ii) Compensation increased by \$29,499 mainly due to management reorganization; iii) decrease of \$11,624 in consultant fees, mainly related to management reorganization; and iv) Promotion and advertising increased by \$27,280 and Representation, mission and trade shows increased by \$16,488 mainly due to more efforts done in order to promote the Company in the Val-d'Or region and throughout the country.

Financing activities for the nine-month period ended March 31, 2014

On November 21, 2013, a total of 2,000,000 warrants were exercised at a price of \$0.11 per common share, following an approved warrants exercise price change from \$0.20 to \$0.11, for a total gross proceeds of \$220,000. The Company then issued a total of 2,000,000 common shares upon these exercises.

On December 23, 2013, the Company closed a brokered private placement for an aggregate gross proceeds of \$252,000. Pursuant to this placement, the Company issued a total of 210 flow-through units offered at a price of \$1,200 per unit. Each unit being comprised of 6,000 flow-through shares at a price of \$0.16 per flow-through share, 2,000 common shares at a price of \$0.12 per common share, and 4,000 warrants. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.20 per common share, until December 23, 2015. In consideration for its services, the agent received a cash commission of \$25,200 and 84,000 agent's compensation warrants to purchase, until December 23, 2015, a total of 84,000 common shares at a price of \$0.12 per common share.

On February 7, 2014, the Company closed a private placement for an aggregate gross proceeds of \$200,000. Pursuant to this placement, the Company issued a total of 1,818,181 units offered at a price of \$0.11 per unit. Each unit being comprised of 1 common share and 1 warrant. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.14 per common share, until February 7, 2016.

On February 10, 2014, a total of 800,000 warrants were exercised at a price of \$0.11 per common share, following an approved warrants exercise price change from \$0.20 to \$0.11, for a total gross proceeds of \$88,000. The Company then issued a total of 800,000 common shares upon these exercises.

Investing activities for the nine-month period ended March 31, 2014

During the nine-month period, the cash flow used by the investing activities totalling \$1,434,841 was for exploration and evaluation assets for a total of \$1,041,026 (net of the variation during the period in the accounts payables and accrued liabilities amounting to \$19,504). Also, a portion of the cash flow during the period amounting to \$99,551 was used for the acquisition of mining properties and claims renewal while a total of \$174,264 was used for deferred mining properties acquisition costs and deposits. Finally, an amount of \$120,000 was used in order to acquire 8,000,000 shares in the capital of Eloro Resources Inc. and acquired a 50% undivided interest in two (2) mining concessions and eleven (11) mining claims comprised in the Simkar property, located in the province of Québec, Canada.

Management discussion and analysis

May 26, 2014

The details for the total exploration and evaluation expenses done during the nine-month period ended on March 31, 2014 on each property are presented in the following table:

Properties	Balance as at June 30, 2013 (\$)	Salaries and fringe benefits (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase (Decrease) for the period (\$)	Impairment	Balance as at March 31, 2014 (\$)
Amiral	49,142	-	-	-	-	-	-	(49,142)	-
Arques	338,340	-	-	-	-	-	-	(338,340)	-
Belcourt	-	2,449	-	-	-	-	2,449	-	2,449
Bel-Rive	-	1,841	-	-	-	-	1,841	-	1,841
Bourier	1,184,638	-	-	-	-	-	-	(1,184,638)	-
Caumont	411,963	600	-	-	-	-	600	(412,563)	-
Dumulon	216,246	-	-	-	-	-	-	(216,246)	-
Duval	265,538	-	-	-	-	-	-	(265,538)	-
Lac Tavernier	-	1,838	-	-	-	-	1,838	-	1,838
Lemare	1,154,229	600	-	-	-	-	600	(1,154,829)	-
Nisk	611,455	1,800	-	-	-	-	1,800	(306,627)	306,628
Plator I	-	120	-	-	-	-	120	-	120
Plator II	-	120	-	-	-	-	120	-	120
Plator III	-	120	-	-	-	-	120	-	120
Plator IV	-	120	-	-	-	-	120	-	120
Plator V	-	120	-	-	-	-	120	-	120
Regcourt	28,858	5,427	-	-	-	-	5,427	-	34,285
Rosebay	16,611	-	-	-	-	-	-	(16,611)	-
Simkar	-	69,663	69,179	87,495	765,316	6,325	997,978	-	997,978
Tex-Sol	-	8,389	-	-	-	-	8,389	-	8,389
Valiquette	450,903	-	-	-	-	-	-	(450,903)	-
TOTAL	4,727,923	93,207	69,179	87,495	765,316	6,325	1,021,522	(4,395,437)	1,354,008

Selected quarterly data

Operating results for each of the last 8 quarters are presented in the table below. The Company's management is of the opinion that the data related to these quarters were prepared in the same manner as that of the audited financial statements for the fiscal year ended June 30, 2013.

Operating results as at:	Finance income (\$)	Loss before income taxes (\$)	Comprehensive loss (\$)	Loss per share – basic and diluted (\$)
March 31, 2014	1,879	121,356	121,356	0.002
December 31, 2013	4,481	10,380,739	9,813,598	0.19
September 30, 2013	6,062	324,423	294,542	0.006
June 30, 2013	6,972	20,655	30,566	0.001
March 31, 2013	6,362	60,223	171,389	0.003
December 31, 2012	1,688	148,060	195,287	0.005
September 30, 2012	2,616	100,256	143,280	0.004
June 30, 2012	3,605	120,562	165,588	0.005

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	59,413,389	53,606,178
March 31, 2014	57,058,389	55,825,259
December 31, 2013	54,440,208	51,775,860
September 30, 2013	50,760,208	50,760,208
June 30, 2013	50,760,208	44,134,509
March 31, 2013	50,567,900	41,985,235
December 31, 2012	50,567,900	38,914,288
September 30, 2012	36,660,100	36,660,100
June 30, 2012	36,660,100	32,485,484

Share purchase options:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price (\$)
As at the date of this report	3,101,250	2,913,750	0.27
March 31, 2014	3,101,250	2,913,750	0.27
December 31 2013	3,101,250	2,913,750	0.27
September 30, 2013	3,176,250	2,988,750	0.27
June 30, 2013	2,755,000	2,627,500	0.33
March 31, 2013	2,930,000	2,682,500	0.33
December 31, 2012	2,650,000	2,650,000	0.34
September 30, 2012	2,200,000	2,100,000	0.37
June 30, 2012	2,250,000	1,637,500	0.40

As at March 31, 2014, the Company had 3,101,250 outstanding options to purchase common shares. These options allow their holder to subscribe to common shares at a price varying between \$0.125 and \$0.40 per common share for a period varying from 24 months to 60 months from the issue date, subject to the conditions established under the common share purchase option Plan.

Warrants to shareholders:

Outstanding warrants to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average strike price (\$)
As at the date of this report	13,319,581	13,319,581	0.25
March 31, 2014	13,719,581	13,719,581	0.25
December 31, 2013	12,701,400	12,701,400	0.25
September 30, 2013	13,861,400	13,861,400	0.27
June 30, 2013	13,861,400	13,861,400	0.27
March 31, 2013	13,861,400	13,861,400	0.27
December 31, 2012	13,961,400	13,961,400	0.27
September 30, 2012	7,290,000	7,290,000	0.29
June 30, 2012	7,290,000	7,290,000	0.29

Warrants to brokers:

Outstanding warrants to brokers as at:	Warrants issued to brokers	Warrants exercisable	Average exercise strike price (\$)
As at the date of this report	779,390	779,390	0.21
March 31, 2014	779,390	779,390	0.21
December 31, 2013	779,390	779,390	0.21
September 30, 2013	695,390	695,390	0.22
June 30, 2013	695,390	695,390	0.22
March 31, 2013	695,390	695,390	0.22
December 31, 2012	695,390	695,390	0.22
September 30, 2012	910,000	910,000	0.40
June 30, 2012	910,000	910,000	0.40

As at March 31, 2014, the Company had issued 13,719,581 exercisable warrants to shareholders and 779,390 exercisable warrants to brokers. Each warrant allows its holder to subscribe to one (1) common share at a price varying between \$0.11 per share to \$0.30 per share for a period varying between 24 and 36 months following their issue date. Furthermore, the 9,171,400 warrants issued to shareholders during the month of December 2012 were listed on the TSX Venture exchange and started trading at the opening of the markets on May 2, 2013 under the trading symbol "MQR.WT", entitling their holders thereof to purchase one common share, at a price of \$0.30 per common share, until 5:00 p.m. (Montréal time) on December 14, 2015.

On November 6, 2013, the TSX Venture Stock Exchange approved by a bulletin the modification to the exercise price from \$0.20 per share to \$0.11 per share on the warrants issued on June 20, 2012 having an expiry date of June 20, 2014. Following this approval, 2,000,000 warrants were exercised on November 21, 2013, 800,000 warrants were exercised on February 10, 2014 and 400,000 warrants were exercised on May 16, 2014 at an exercise price of \$0.11 per share for a total amount of \$352,000. For this consideration, the Company issued 2,800,000 shares to these warrant holders during the three-month and nine-month periods ending March 31, 2014 and 400,000 shares were issued on May 16, 2014.

Related Party Transactions and Commercial Objectives

During the three-month and nine-month periods ended March 31, 2014, the Company incurred expenses for services rendered by executive officers of the Company. These services were rendered in the normal course of operations and are measured at the exchange amount, which is at cost, and which is the amount agreed between the parties.

Three-month periods ended March 31		
	2014 (\$)	2013 (\$)
Compensation paid to key management personnel	70,821	80,854
Share-based payments towards key management personnel	-	8,081
Fees and expenses paid to the external directors	13,400	17,000
Share-based payments towards the directors	-	-

Nine-month periods ended March 31		
	2014 (\$)	2013 (\$)
Compensation paid to key management personnel	230,636	173,691
Share-based payments towards key management personnel	36,765	52,951
Fees and expenses paid to the external directors	40,800	50,531
Share-based payments towards the directors	34,949	22,271

Inter-company transactions carried out during the three-month period ended on March 31, 2014 between the Company and the entity having significant influence, Nemaska, totalled a net amount of \$28,500 as follows: Nemaska charged to the Company \$25,200 of compensation and \$3,300 as general administrative and office expenses.

Inter-company transactions carried out during the nine-month period ended on March 31, 2014 between the Company and the entity having significant influence, Nemaska, totalled a net amount of \$92,468 as follows: Nemaska charged to the Company \$82,568 of compensation and \$9,900 as general administrative and office expenses.

The transactions are in the normal course of operations and are measured at the exchange amount, which is at cost, and which is the amount of consideration established and agreed to by the related parties. There is no inter-company balance payable by the Company to Nemaska as at March 31, 2014 and as at June 30, 2013.

Off Balance sheet agreements

The Company has not concluded any off balance sheet agreements.

Obligations and contractual commitments

The Company had the following commitments as at the date of this report:

(A) Plator I to Plator V:

On June 12, 2013, the Company purchased a total of one hundred and ninety-two (192) mining claims located on the SNRC sheet 32C03. In consideration for the claims, the Company issued 192,308 common shares of the Company having a fair value of \$25,000. The common shares are subject to an escrowed period and 33% of the Escrow Shares shall be released from escrow at 12 months intervals from June 12, 2013. The mining claims are split as follows between each property: Plator I: 13 claims; Plator II: 63 claims; Plator III: 17 claims; Plator IV: 43 claims and Plator V: 56 claims.

The Company has agreed to pay to the seller a 1% NSR on all metals from the acquired claims and has the right, at any time before commercial production, to purchase this 1% NSR by paying the seller \$1,000,000 in cash.

(B) Simkar

Pursuant to the terms of the Agreement and in consideration of the acquisition of an undivided interest in two (2) mining concessions and eleven (11) mining claims comprised in the Simkar property located in the province of Québec, Canada, the Company was committed to carry out \$750,000 in exploration work on the property by June 30, 2014. This commitment was fulfilled between September 24, 2013 and November 30, 2013.

The property involved in the transaction consists of a contiguous group of two mining concessions and 11 mineral claims covering an area of 4.05 km², located 20 km east of Val-d'Or in the heart of the Abitibi Greenstone Belt (the "Property"). Once the Company will have fulfilled all its commitment, the Company and Eloro will form a joint venture to manage exploration on the Property, with the Company acting as the project operator.

(C) Flow-through shares:

The Company was committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of \$1,647,200 by December 31, 2013, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on December 21, 2012. As at December 31, 2013, the Company has fulfilled this commitment since it incurred a cumulative amount of \$1,647,200 of eligible expenses as at December 31, 2013 (\$696,130 as at June 30, 2013) and has no funds reserved for exploration (\$951,070 as at June 30, 2013) related to this commitment.

The Company is also committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of \$201,600 by December 31, 2014, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share completed on December 23, 2013. Related to this committed amount, the Company incurred a cumulative amount of \$70,452 of eligible expenses as at March 31, 2014 and has funds reserved for exploration amounting to \$131,148.

Additional information required from junior issuers with no significant income

The Company reports the information on its exploration and evaluation assets in note 5 of its unaudited condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014.

The Company has no research and development expenses.

The Company has no deferred expenses other than those related to its mining properties and explorations & evaluation assets.

The office and general administrative expenses for the three-month and nine-month periods ended March 31, 2014 as well as the same period for the previous year are composed of the following expenses:

Rent, office and other expenses for the three-month periods ended March 31		
	2014 (\$)	2013 (\$)
Office supplies and mailing	2,246	1,151
Insurances, taxes and permits	6,489	5,083
Office expenses and equipment	2,736	3,037
Telecommunications	1,323	905
Training, HR activities and other adjustments or expenses	57	1,451
Total	12,851	11,627

Rent, office and other expenses for the nine-month periods ended March 31		
	2014 (\$)	2013 (\$)
Office supplies and mailing	5,748	6,125
Insurances, taxes and permits	19,293	15,136
Office expenses and equipment	9,108	9,800
Telecommunications	2,889	2,814
Training, HR activities and other adjustments or expenses	207	2,860
Total	37,245	36,735

Financing sources

The financing sources for the last 8 quarters and up to the date of this report are listed in the following table:

Date	Type	Financings	Amount (\$)	Use of proceeds
May 16, 2014	Warrants exercised	Common shares	44,000	Purpose: General administrative expenses and mining properties acquisition. Use of funds: As at the date of this report, these funds have not yet been used.
February 10, 2014	Warrants exercised	Common shares	88,000	Purpose: General administrative expenses and mining properties acquisition. Use of funds: As at the date of this report, these funds have not yet been used.
February 7, 2014	Private placement	Common shares	200,000	Purpose: General administrative expenses and mining properties acquisition. Use of funds: As at the date of this report, these funds have not yet been used.
December 23, 2013	Brokered private placement	Common shares	50,400	Purpose: General administrative expenses. Use of funds: Between December 23, 2013 and December 31, 2013, this amount was fully allocated to pay the financing costs related to this financing. This is in line with the expected use of funds.
		Flow-through shares	201,600	Purpose: Exploration work on the properties owned by the Company. Use of funds: Between December 23 and March 31, 2014, a total amount of \$70,452 was used for exploration work on the Company properties. The balance of \$131,148 will be used by the Company for exploration work during the calendar year 2014. This is in line with the expected use of funds.
November 20, 2013	Warrants exercised	Common shares	220,000	Purpose: General administrative expenses and mining properties acquisition. Use of funds: As at the date of this report, these funds have not yet been used.

Date	Type	Financings	Amount (\$)	Use of proceeds
December 14 and 20, 2012	Brokered private placement	Common shares	1,463,800	<p>Purpose: General administrative expenses and mining properties acquisition.</p> <p>Use of funds: Between December 14, 2012 and the date of this report, an amount of \$387,859 was used to pay the financing costs related to this financing, while an amount of \$682,126 was used or allocated for general administrative expenses. An amount of \$120,000 was used to acquire a 50% undivided interest in two (2) mining concessions and eleven (11) mining claims comprised in the Simkar property, located in the province of Québec, Canada and the Company also received in return for this investment a total of 8,000,000 shares in the capital of the seller valued at the transaction date at \$0.05 per share and was accounted for as marketable securities available-for-sale financial assets. Furthermore, a total amount of \$99,551 was used by the Company mainly to renew mining claims and acquired 4 more properties, namely Belcourt, Bel-rive, Lac Tavernier and Tex-sol. A total amount of \$161,587 was used in order to acquire 99.99% of the shares of the Company X-Ore Resources while a total of \$12,677 was used in the transaction with Critical Element Corporation. This is in line with the expected use of funds.</p>
		Flow-through shares	1,647,200	<p>Purpose: Exploration work on the properties owned by the Company.</p> <p>Use of funds: Between December 14, 2012 and December 31, 2013, the total amount of \$1,647,200 was used for exploration work on the Company properties. This is in line with the expected use of funds.</p>

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**Basis of presentation****(A) Statement of compliance:**

The unaudited condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those accounting policies followed by the Company in the most recent audited annual financial statements except where noted below. The unaudited condensed interim financial statements have been prepared under IFRS in accordance with IAS 34, Interim Financial Reporting. Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, the unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended June 30, 2013. On May 27, 2014, the Board of Directors approved, for issuance, the condensed interim financial statements.

(B) Basis of measurement:

The condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 have been prepared on the historical cost basis except for available-for-sale assets which are measured at fair value through other comprehensive income.

The condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 have been prepared on a going concern basis, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

(C) Functional and presentation currency:

The condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 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 for the three-month and nine-month periods ended March 31, 2014 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 years affected.

In preparing the interim condensed financial statements, the significant judgments made by management applying the Company accounting policies and the key sources of estimation uncertainty were the same as those described in the Company’s audited annual financial statements for the year ended June 30, 2013.

Significant accounting policies:

The condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 have been prepared following the same accounting policies used in the audited financial statements for the year ended June 30, 2013, except as noted below:

Financial instruments

Investments are classified as available-for-sale financial assets. They are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income.

When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Investments in publicly traded companies are recorded at fair value based on quoted closing prices at the statement of financial position date. Unrealized gains and losses are recorded in other comprehensive income.

For an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognized by reclassifying losses accumulated in accumulated other comprehensive income to profit or loss. The cumulative loss that is reclassified from accumulated other comprehensive income is the difference between the acquisition cost and the current fair value, less any impairment losses recognized previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Changes in accounting policies

The following new standard and amendment to standards and interpretations has been applied in preparing the condensed interim financial statements as at March 31, 2014. The adoption of this new standard has not had a material impact on the financial statements.

IFRS 13, *Fair Value Measurement*

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, which means 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.

IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. 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.

The Company has included the additional disclosures required by this standard in note 6 of its unaudited condensed interim financial statements as at March 31, 2014.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES**Risks and uncertainties**

The acquisition of securities of the Company should be considered highly speculative with important risks of which, but not limited to:

The Company's activities are exposed to financial risks: market risk, credit risk and liquidity risk.

Fair value of financial instruments

The carrying amounts of short-term financial assets and liabilities, which include cash and cash equivalents and accounts payable and accrued liabilities, approximate their fair value due to the immediate or short-term maturity 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 a fixed rate of 1.25% 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, which is the functional currency of the Company.

(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. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

As at March 31, 2014, all of the Company's financial liabilities had contractual maturities of less than one year and the Company had enough funds to meet its current financial liabilities. At the same date, the Company had \$593,390 in cash and cash equivalents not reserved for exploration (\$1,142,201 as at June 30, 2013) plus \$66,545 in sales tax receivables (\$13,871 as at June 30, 2013) to meet its financial liabilities and future financial liabilities from its commitments.

(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. The carrying amount of these financial assets represents the Company maximum exposure to credit risk as of the date of the financial statements. 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.

Properties titles

According to the mining law and regulations of the Province of Quebec, the Company, to renew its claims, must do a minimum of exploration expenditures and pay to the Quebec government, a rent per claim, for every 2 year renewal period. There are no renewals to come between the date of this MD&A and June 30, 2014 and from July 1, 2014 to December 31, 2014 only 4 claims will need to be renewed and will require exploration expenditures amounting to \$4,800 and the Company will have to pay mining rights in the amount of \$219 to the "Ministère des Ressources Naturelles et de la Faune", since it is the intention of the Company to renew the claims.

Additional financing

In the future, additional funds will be required to finance the exploration or development work on the Company's properties, to pay for the renewal of the claims forming the properties and to cover the costs of managing the Company. The main sources of funds available to the Company are the issuance of additional shares, the borrowing of money or the sale of interests in its properties. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

Conditions of the industry in general

The exploration and development of mineral resources involves significant risks that even an allied neat evaluation with experiment and know-how cannot avoid. Although the discovery of a deposit can prove to be extremely lucrative, only a few properties where exploration and development work are carried out become producing mines thereafter. Important expenditures are necessary to establish ore reserves, to work out the metallurgical processes and to build the mining plant on a particular site. It is impossible to provide assurance to the effect that the exploration and development programs contemplated by the Company will generate a profitable mine.

Economic viability of a mineral deposit depends on many factors, of which some are due to the particular characteristics of the deposit, in particular its size, its content and its proximity with the infrastructures as well as the cyclic character of the prices of metals and the governmental regulations, the royalties, the limits of production, the import and export of minerals and the protection of the environment. The impact of these factors cannot be evaluated in a precise way, but their effect can make so that the Company does not provide an adequate return of the funds invested.

The mining activities comprise a high level of risks. The activities of the Company are subject to all the dangers and the risks usually dependent on the exploration and the development, including the unusual and unforeseen geological formations, explosions, collapses, floods and other situations which can occur during drilling and the removal of material and of which any could cause physical or material or environmental injuries and, possibly, legal responsibility.

Governmental regulation

The activities of the Company are subject to various federal, provincial and local laws, which relate to the exploration and development, taxes, standards of work, diseases and the occupational safety, the safety in mines, toxic substances, the protection of the environment and others. The exploration and the development are subject to legislative measures and laws with the federal, provincial and local levels relating to the protection of the environment. These laws impose high standards on the mining industry, in order to control the rejects of waste water and to force the participants to account for such controls to the lawful authorities, to reduce or eliminate the impact that are generated by certain production activities; extraction and of treatment and which are later on deposited on the ground or are rejected into the air or the water, to complete work of restoration of the mining properties, to control dangerous waste and materials and to reduce the risk of industrial accidents. The defect to conform to the above-mentioned legislative measures can involve important fines and other penalties.

Risks of lawsuits and no insurable risks

The Company could be held responsible for pollution or for other risks against which it could not be insured or against which it could choose not to be insured, given the high cost of the premiums or for other reasons. The payment of sums in this respect could involve the loss of the assets of the Company.

Conflicts of Interest

Some of the directors and officers of the Company are engaged as directors or officers of other corporations involved in the exploration and development of mineral resources. Such engagement could result in conflicts of interest. Any decision taken by these directors and officers and involving the Company will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Company and these other corporations. Moreover, these directors and officers will declare their interests and will abstain to vote on any question which could give place to a conflict of interest.

Permits, licences and authorizations

The activities of the Company require obtaining and maintaining permits and licences from various governmental authorities. The Company considers that it holds all the permits and licences required for its activities; it currently carries on, in accordance with the relevant laws and by-laws. Changes brought to the by-laws could affect these permits and licences. Nothing guarantees that the Company can obtain all the permits and all the necessary licences in order to continue its mining activities, to build mines or mining plants and to begin the exploitation of its exploration properties. Moreover, if the Company begins the exploitation of an exploration property, it will have to obtain the necessary permits and licences and to conform to all the required obligations concerning the use of water, removal of waste etc. It cannot be guaranteed that the Company will be able to obtain these permits and licences, nor that it will be able to conform to their requirements.

Dependence on the management

The Company is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Company.

Territorial claims

The properties in which the Company holds an interest are not currently subject to territorial claims on behalf of first nations. No insurance can however be provided to the effect that such will not be the case in the future.

Price of metals

The price of the common shares, financial results of the Company like its exploration and development activities; could undergo in the future, important negative effects because of the fall of the prices of metals, resulting in an impact on the capacity of the Company to finance its activities. The prices of metals fluctuate in an important way and are tributary to various factors which are independent of the will of the Company, such as the sale or the purchase of metals by various brokers, central banks and financial institutions, the rates of interest, foreign exchange rates, the rates of inflation, of deflation, the fluctuations in the value of the Canadian dollar and other currencies, the regional and world offer and demand, the economic conjuncture and policy which prevails in the countries of the world which are large metal producers. The prices of metals largely fluctuated these last years and any serious fall could prevent the continuation of the development activities of the properties of the Company.

Additional Information and Continuous Disclosure

This MD&A was prepared as of 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 Proxy Circular can be found on the website www.sedar.com and on our website at www.monarquesresources.com.

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STOCK EXCHANGE

TSX Venture Exchange
Symbol: **MQR** for the shares and **MQR.WT** for the warrants issued in December 2012

OFFICERS

Jean-Marc Lacoste
President and CEO

Steve Nadeau, CPA, CGA
Chief Financial Officer

Vincent Janelle
Vice President, Investors relation

BOARD OF DIRECTORS

Michel Baril*, Eng., Chairman of the Board
Guy Bourassa, Director and Secretary
René Lessard, Director
Robert Ayotte*, Director
Michel Bouchard*, Director
* Member of the audit committee

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