MANAGEMENT DISCUSSION AND ANALYSIS

PERIOD ENDED
DECEMBER 31, 2013
2ND QUARTER

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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 six-month periods ended December 31, 2013 and the comparison of the Company's statement of financial position as at December 31, 2013 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.

These 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 February 25, 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 stock trades 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 29.14% as at December 31, 2013 (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 as at the end of the period ending December 31, 2013, combined with the funds received from a private placement and the exercise of warrants subsequent to December 31, 2013 will provide the Company with adequate funding 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 2014 calendar year exploration budget. 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.

These 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. These 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 six-month periods ended December 31, 2013 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 km^2 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 Eloro Resources Inc (Eloro). 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 Eloro's share of the joint-venture. Upon funding another $950,000 exploration work program and providing that Eloro elects not to contribute, the Company could then have acquired 100% of the Simkar Gold project.

The Company is expecting to close its acquisition of the Croinor property located in east Val-d'Or before the end of the 1st quarter of 2014.

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 km^2. 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 Eloro Resources Ltd. ("Eloro"). On August 6, 2013, a Conditional Asset Purchase Agreement was entered into between the Company and Eloro (the "Purchase Agreement"), as amended by an Amending Agreement effective as of August 6, 2013 entered into between the Company, Eloro 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 km^2, located 20 km east of Val-d'Or in the heart of the Abitibi Greenstone Belt (the "Property"). The Company and Eloro 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: 1,600,000 shares on March 20, 2014; 2,400,000 shares until June 20, 2014; and 2,400,000 shares until September 20, 2014. On January 21, 2014, 1,600,000 shares were released from escrow. 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 October 18, 2013, the Company announced that it had signed an agreement to acquire sole control of X-Ore Resources Inc. ("X-Ore"), a wholly owned subsidiary of Blue Note Mining Inc. ("Blue Note") The proposal submitted by the Company to Blue Note consists in the subscription of 9,999 ordinary shares of X-Ore, which corresponds to 99.99 per cent of all the X-Ore common shares issued and outstanding. This proposal has been accepted by Blue Note. The agreed subscription price for such shares consists in $110,000 and 1,455,000 common shares of the Company. The cash portion has been put in escrow pending the completion of the transaction. The common shares, which will be issued upon the completion of the transaction, will be escrowed for a period of six months following the date of closing of the transaction. The agreement is conditional upon the following conditions being satisfied: 1) the termination of all the royalty agreements linked to the Croinor property; 2) creditor approval of the proposal for arrangement which will be submitted in accordance with the Bankruptcy and Insolvency Act of Canada and which will effectively settle all debts owed by X-Ore; and 3) the approval of the competent regulatory authorities. The Company expects to complete this transaction no later than February 28, 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 per cent 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 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 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. As IFRS 13 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets for each reporting periods, it was decided to impair all or part of the 10 mining properties located in the Nemaska region of the James Bay area.

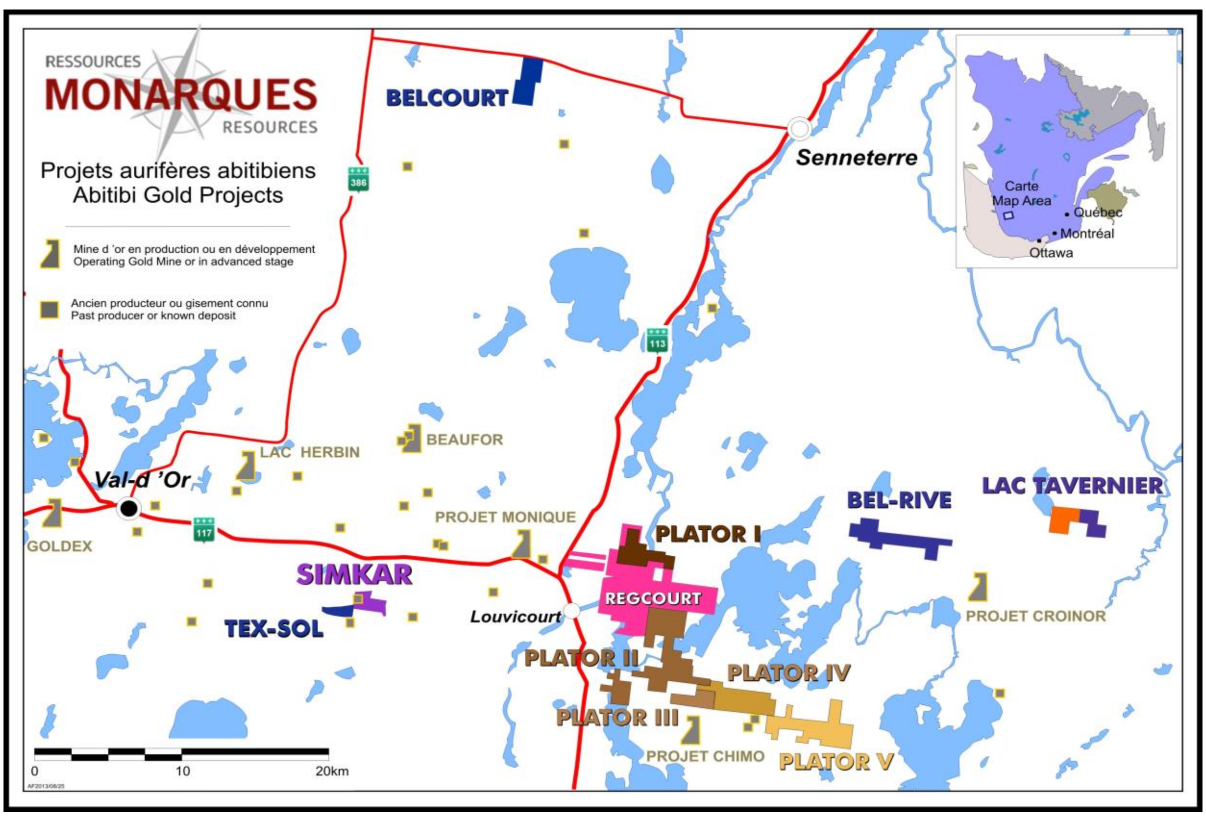
For the three-month and six-month periods ended December 31, 2013, an impairment of $5,941,317 was recorded against the mining properties and an impairment of $4,395,437 was recorded against the exploration and evaluation assets in the condensed interim statements of loss and comprehensive loss. The 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.

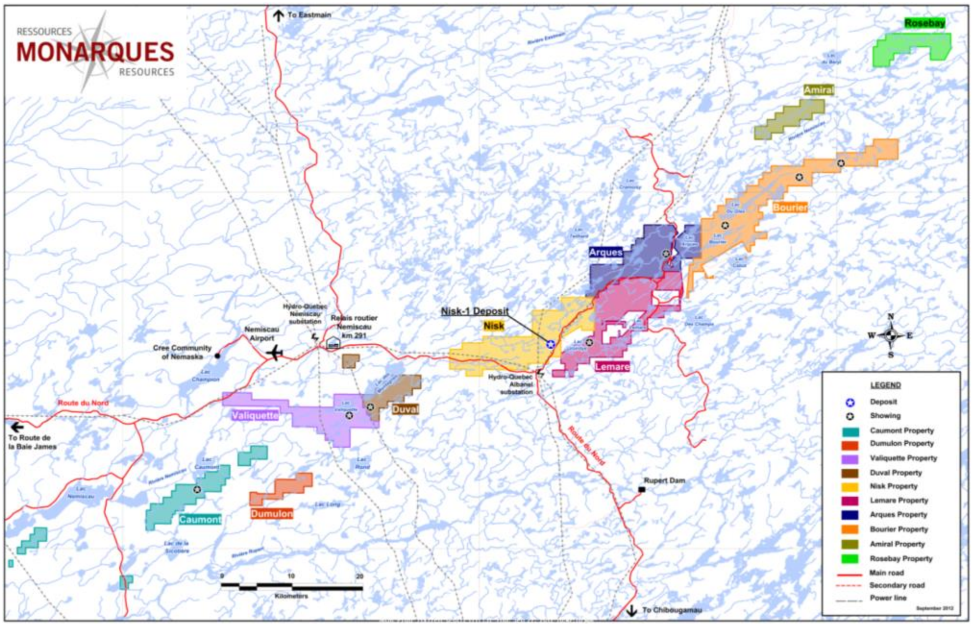
On February 10, 2014, the Company issued 800,000 common shares to Nemaska, following the exercise of 800,000 warrants at an exercise price of $0.11 per share for a gross proceed of $88,000. These warrants expire in June 2014.

As at the date of this report, the Company owns two (2) blocks of assets, one (1) in the Val-d'Or area, and one (1) in the Nemaska area, on the South James Bay territory. The two blocks of assets consist of 21 properties, totalling 1,427 claims & two (2) mining leases, as shown in the 2 following maps:

Block # 1 : Val-d'Or area (11 properties and 2 mining leases):



Block # 2 : Nemaska area, south James Bay (10 properties):



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 11 properties, forming the block # 1 in the Val-d'Or area, totalling 399 Claims and two (2) mining leases as at the date of this report. They are described as follows:

Property	Details	Objective	Results
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.	Start a drilling campaign to identify new zones and potential on lateral extension. Between November 15 2013 and December 15, 2013, 4,000 meters has been drilled, partial drilling results were release in January and February 2013 remaining results are pending.	On October 17, 2013, a first resource calculation NI-43-101 has been prepared on the property. The first results of the 2013 drill campaign intersect 66 metre gold zone and also confirm presence of silver
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

Property	Details	Objective	Results
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

In summary, the main exploration works realized on the Company's south James Bay properties are as follows, being understood that all work done on these properties carried out before June 10, 2011, were conducted by the previous owner of the properties, Nemaska Lithium Inc.:

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
Amiral	Geological surveys and prospection, June 2012	Confirm the geology and identify on the ground the source of magnetic and electromagnetic anomalies.	Électromagnetic anomalies are explained by iron formations interbedded in metasediments. Analytical results do not indicate economic mineralization.
	Heliborne geophysics survey (346 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	A high-resolution heliborne Mag-EM survey covering the entire property was conducted by Prospectair Geosurveys inc. The final report outlines multiple anomalies.
Arques	Diamond drilling (5 holes totalling 1,004 meters), January 2012	Test radiometric anomalies to identify Rare Earth Elements (REE) mineralization	Rocks from the syenodiorite intrusive complex were recovered. The best REE results was 0.56% Total Rare Earth Oxides (TREO) over 5.2 meters (hole RUP-12-11).
	Core resampling	Infill gap in mineralized section	The best TREO intersection was from the hole RUP-11-05 and grading 0.75 % over 15.0 meters.
	Track-etching radiometric survey covering the entire intrusive complex (749 reading stations), June 2011	Distinguish Rare Earth Elements, Niobium and Tantalum enriched lithologies.	The results have provided multiple high contrast anomalies.
	Diamond drilling (5 holes totalling 1,496 meters), March 2011	Test magnetic anomalies to identify economic mineralization	Rocks associated with a syenodiorite intrusive complex with anomalies in TREO (values of 0.77% over 2.1 meters, 0.80% over 3.8 meters and 0.59% over 3.1 meters) were encountered.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
Bourier	Geological surveys and prospection, June-August 2012	Confirm the geology and identify on the ground the source of numerous magnetic and electromagnetic anomalies.	Area in the North-East extension was covered and sampled. The analytical results do not indicate economic mineralization.
	Mapping and sampling of excavated mechanical trenches, June 2012	Identify mineralized zones.	Two trenches were sampled and mapped. Analytical results do not indicate economic mineralization.
	Diamond drilling (15 holes totalling 2,214 meters), September 2011	Confirm the interpretation of mineralized zones at depth.	Massive sulphide units associated with the known prospective horizon were intersected. The analytical results do not indicate economic mineralization.
	Heliborne geophysics (164 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	A high-resolution heliborne Mag-EM survey covering the 25 newly acquired claims was conducted by Prospectair Geosurveys inc. The final report highlights the continuity of the main high-mag/conductive anomaly.
	Geological surveys and prospection, August 2011	Confirm the geology and identify on the ground the source of numerous magnetic and electromagnetic anomalies.	Areas of interest were covered in the North-East extension of the massive sulphide zone outlined during field work conducted in the summer of 2010 by Nemaska Exploration. The results highlight a zinc and silver prospective trend of Sedex deposit type.
Caumont	Geological surveys and prospection, June-August 2012	Confirm the geology and identify on the ground the source of numerous magnetic and electromagnetic anomalies.	Geological surveys confirm the potential for magmatic Ni-Cu-PGE mineralization and for gold-arsenic mineralization. The Tent showing returns up to 4.29% Cu, 4.34 g/t Au, 16.65 g/t Ag and 1.74 g/t Pd.
	Mechanical trenching (five trenches from which 321 rock samples were collected, including 248 channel samples), September 2011	Confirm the interpretation of geophysics at surface and characterize mineralization from historic grab samples.	The results confirm magmatic Cu-Ni-PGE mineralization. Best results from a grab sample are 1.08% Cu, 0.76% Ni, 0.51 g/t Pd. Best results from channel sampling are 0.63% Cu, 0.43% Ni, 0.06 g/t Pt, 0.58 g/t Pd over 2.5m.
	Heliborne geophysics (482 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report highlights a high-contrast main anomaly.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
Dumulon	Geological surveys and prospection, June-August 2012	Confirm the geology and identify on the ground the source of numerous electromagnetic anomalies.	A plurikilometric horizon of massive sulphides in graphitic metasediment may be the source of electromagnetic anomalies. The analytical results do not indicate economic mineralization.
	Heliborne geophysics (376 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	A high-resolution heliborne Mag-EM survey covering the entire property was conducted by Prospectair Geosurveys inc. The final report outlines multiple anomalies.
Duval	Diamond drilling (6 holes totalling 1,338 meters), October 2011	Confirm the continuity of mineralized zones at depth.	Best results are 1.62% Cu, 0.45% Ni, 0.53 g/t Au and 9.85 g/t Ag over 1.0 meter.
	Ground geophysics (Magnetometry, 21 linear km), September 2011	Define the geology and identify mineralized zones at surface.	Results highlight a main high-contrast anomaly.
Lemare	Diamond drilling (10 holes totalling 1,566 meters) February 2013	Confirm the continuity of Lac de la Chlorite and Lac de la Sillimanite showing mineralization zones at depth and test other geochemistry and IP anomalies.	Several geochemical and IP anomalies were tested. Few weak gold results were obtained. Many drilling targets remaining to be tested.
	Induced polarization and resistivity (60 linear km), January 2013	Detects disseminated sulphides often associated with gold deposits.	An induced polarization survey covering the area of the Lac de la Chlorite and Lac de la Sillimanite showing was conducted by Abitibi Géophysique inc. Results outlines multiples anomalies.
	Stripping and humus geochemistry survey (1,072 stations), October 2012	Identify a gold bearing structures.	48 grab and channel samples over 100ppb (0.1 g/t), with 12 samples over 1 g/t. The highest grade assayed was 4.76 g/t. Nine (9) areas showing anomalous levels of gold associated elements (Au, Sb, As, W, Mo, etc.)
	Geological surveys and prospection, July-August 2012	Confirm the geology and identify on the ground the source of magnetic and electromagnetic anomalies.	Lac de la Chlorite showing returning 1.6 g/t Au and the Lac de la Sillimanite showing returning 4.7 g/t Au.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	Diamond drilling (2 holes totalling 498 meters), September 2011	Confirm the interpretation of mineralized zones at depth.	Two exploration diamond drill holes for a total of 498 meters were drilled on two targets identified in the field work carried out in 2009 and 2010 by Nemaska Exploration. Horizons of massive to semi-massive sulfide were encountered on both targets. Analytical results do not indicate economic mineralization.
	Heliborne geophysics (453 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	A high-resolution heliborne Mag-EM survey covering the South sector of the property was conducted by Prospectair Geosurveys inc. The final report outlines multiples anomalies.
Nisk	Geological surveys and prospection, July-August 2012.	Confirm the geology and identify on the ground the source of magnetic and electromagnetic anomalies.	Quartz-tourmaline veins injected into basalt and mineralized with arsenopyrite returned up to 0.331 g/t Au, more than 1% As and 1.62 g/t Te.
	Mechanical trenching, two mechanical trenches have stripped approximately 600 m^2 of outcrops on a high mag anomaly on the west extremity of the property, July 2011	Confirm the interpretation of geophysics at surface and identify mineralization.	The stripped outcrops have been cleaned up but not sampled.
Nisk *(Nisk-1 deposit)*	Ground geophysics (Magnetometry), July 2011	Define the geology and identify mineralized zones at surface.	During the summer of 2011, a ground magnetometric survey covering 60 linear km was carried out to define a heliborne anomaly.
	Diamond drilling One (1) hole (153 meters), June 2011	Test a positive high contrast magnetic anomaly.	The anomaly has been explained by the presence of magnetite.
	Borehole geophysics (Pulse-EM), November 2011	Identify mineralized zones at depth.	The survey has identified moderate to strong in-hole/edge and/or off-hole responses which indicate the presence of semi-massive to massive mineralization.
	Diamond drilling (9 holes totalling 1,852 meters), November 2011	Characterize potential extension of the main zone and test two new IP axes.	The best results reported are 0.25% Ni over 7.2 meters in the hole TF-79-11; 0.40% Ni over 8.4 meters in the hole TF-80-11; and 0.19% Ni over 16.7 meters in the hole TF-81-11.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	Ground geophysics (Induced Polarization - IP), July 2011	Identify mineralization at depth.	An IP survey covered the entire 3.5 km long magnetic anomaly associated with the Nisk-1 deposit was completed. The results outline the continuity of the IP conductor associated with the deposit and two new axes parallel to it.
	Diamond drilling (2 holes totalling 1,032 meters), February 2011 *by Nemaska Lithium (formerly Nemaska Exploration)*	Test geophysical anomalies	The results reported are 0.34% Ni and 0.13% Cu over 7.75 m in the hole TF-72-11 on a zone containing 5-40% of sulphide.
	Borehole geophysics (Pulse EM), March *2011 by Nemaska Lithium (formerly Nemaska Exploration)*	Identify mineralized zones at depth	The interpretation of a "Pulse EM" survey conducted in one hole on the Nisk-1 deposit indicates a conductivity anomaly within 50m from it.
Rosebay	Geological surveys and prospection, June 2012	Confirm the geology and identify on the ground the source of numerous magnetic anomalies.	Geological surveys reported the presence of banded iron formation. The analytical results do not indicate economic mineralization.
	Heliborne geophysics (585 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering the entire property. The final report outlines multiple anomalies.
Valiquette	Geological surveys and prospection, June 2012	Confirm the geology and identify on the ground the source of numerous magnetic and electromagnetic anomalies in the North-West area.	Several massive sulfides outcrops of were identified. Best results are 6.0 g/t Ag and 4.88 g/t Ag.
	Borehole geophysics (Pulse EM), November 2011	Identify mineralized zones at depth.	In tree holes, the survey has detected in-hole/edge and off-hole positive responses indicating the presence of strong, but rather moderate to small-size, conductive zones.
	Diamond drilling (5 holes totalling 1,197 meters), October 2011	Confirm the interpretation of mineralized zones at depth.	The best intersections are 0.15% Ni over 25 meters (including 0.20% Ni and 0.27 g/t Pd over 9.5 meters) in the hole VAL-11-13 and 0.20% Ni over 41 meters in the hole VAL-11-12.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	Ground geophysics (Magnetometry, 34 linear km), September 2011	Define the geology and identify mineralized zones at surface.	A ground magnetometric survey covering the main anomaly associated with the mineralized trend drilled in winter 2011 was carried out. It has delineated this high-contrast anomaly.
	Heliborne geophysics (214 linear km), September 2011	Identify mineralized zones at surface and depict the geology.	Prospectair Geosurveys inc. conducted a high-resolution heliborne Mag-EM survey covering 24 newly acquired claims. The final report highlights the continuity of the key anomaly.
	Borehole geophysics (Pulse EM), March 2011 *by Nemaska Lithium (formerly Nemaska Exploration)*	Confirm the interpretation of mineralized zones at depth.	The results interpretation outlines Ni-Cu mineralization within 50m of the hole VAL-11-07 and an iron formation in hole VAL-11-09.
	Diamond drilling (9 holes totalling 1,475 meters), March 2011 *by Nemaska Lithium (formerly Nemaska Exploration)*	Confirm the interpretation of mineralized zones at depth.	The results outlined a Cu-Ni-PGE mineralization. The best intersection reported is 2.66% Ni and 0.71% Cu over 3.2 meters.

The foreseen main works on the properties are as follows:

MAIN WORKS PLANNED ON VAL-D'OR PROPERTIES	
Property	**Work**
Simkar	Geophysics, geological surveys, prospecting, trenching and diamond drilling campaign.
Regcourt	Data compilation and reporting.
Tex-Sol	Data compilation and reporting.
Belcourt	Data compilation and reporting.
Lac Tavernier	Data compilation and reporting.
Belrive	Data compilation and reporting.
Plator I	Data compilation and reporting.
Plator II	Data compilation and reporting.
Plator III	Data compilation and reporting.
Plator IV	Data compilation and reporting.
Plator V	Data compilation and reporting.

MAIN WORKS PLANNED ON NEMASKA AREA, SOUTH BAY JAMES PROPERTIES	
Property	**Work**
Amiral	No budget allocated for the time being.
Arques	No budget allocated for the time being.
Bourier	No budget allocated for the time being.
Caumont	No budget allocated for the time being.
Dumulon	No budget allocated for the time being.
Duval	No budget allocated for the time being.
Lemare	No budget allocated for the time being.
Nisk	No budget allocated for the time being.
Rosebay	No budget allocated for the time being.
Valiquette	No budget allocated for the time being.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the statement of comprehensive loss for the three-month and six-month periods ended December 31, 2013 and 2012 as well as the statement of financial position as at December 31, 2013 and June 30, 2013.

Statements of loss and comprehensive loss selected financial information				
	Three-month periods ended December 31		Six-month periods ended December 31	
Earnings and comprehensive loss	**2013 ($)**	**2012 ($)**	**2013 ($)**	**2012 ($)**
Interest income	4,481	1,688	10,543	4,304
Loss before income taxes	10,380,739	148,060	10,705,162	248,316
Net loss	9,893,598	195,287	10,188,140	338,567
Comprehensive loss	9,813,598	195,287	10,108,140	338,567
Loss per share, basic and diluted	0.190	0.005	0.197	0.009

Statements of Financial Position selected financial information		
	As at	
	December 31, 2013 ($)	**June 30, 2013 ($)**
Cash and cash equivalents (1)	695,966	2,093,271
Working capital (2)	721,845	1,008,458
Total assets	4,395,564	14,682,178
Total liabilities	272,143	898,827
Shareholder's Equity	4,123,564	13,783,351

(1) The cash and cash equivalents includes $176,340 ($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 December 31, 2013

As at December 31, 2013, the assets of the Company totalled $4,395,564, representing a net decrease of $10,047,558 and $10,286,614 compared to September 30, 2013 and June 30, 2013, respectively. The decrease during the three-month and six-month periods ended 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; iii) the cash flows used for the operating activities amounting to $522,248 and $666,493 for the three-month and six-month periods, respectively. The decrease in the total assets was mitigated by financing activities totaling net cash flows of $435,477, mainly in connection with the exercise of warrants and the issuance of flow-through shares. The total accounts payable and accrued liabilities amounting to $228,058 are mainly composed of payables related to: i) exploration and evaluation assets amounting to $54,354; ii) compensation totalling $31,759; and iii) professional fees for a total amount of $85,308.

Statements of Loss and Comprehensive Loss

Three-month periods ended December 31, 2013 and 2012

	2013	2012
	$	$
Expenses:		
Compensation	**95,363**	91,202
Share-based payments	**1,654**	40,918
Rent, office expense and other expenses	**13,490**	10,482
Registration, listing fees and shareholders' information	**31,534**	37,365
Promotion and advertising	**15,405**	720
Representation, missions and trade shows	**10,307**	4,209
Consultant fees	**11,056**	4,166
Professional fees	**55,348**	30,670
	234,157	219,732
Net finance expense (income):		
Finance income	**(4,481)**	(1,688)
Finance expense	**795**	638
	(3,686)	(1,050)
Operating loss	**230,471**	218,682
Other items:		
Other income related to flow-through shares	**(186,486)**	(70,622)
Impairment of mining properties	**5,941,317**	-
Impairment of exploration and evaluation assets	**4,395,437**	-
	10,150,268	(70,622)
Net loss before income taxes	**10,380,739**	148,060
Deferred income taxes (recovery) expense	**(487,141)**	47,227
Net loss for the period	**9,893,598**	195,287

Other comprehensive income:		
Change in fair value of available-for-sale marketable securities	**(80,000)**	-
Comprehensive loss for the period	**9,813,598**	195,287
Basic and diluted loss per share	**0.190**	0.005
Weighted average number of shares outstanding	**51,775,860**	38,914,288

The results for the quarter show an operating loss of $230,471 ($218,682 for the same period in the previous year). Aside from interest revenues of $4,481 ($1,688 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) 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)Promotion and advertising increased by $14,685 mainly due to more efforts done in order to promote the Company in the Val-d'Or region; iii) share-based payments, a non-cash item, decreased by $39,264 mainly due to less options issued during the quarter iv) increase of $24,678 in professional fees mainly due to legal fees related to corporate affairs;

Financing activities for the three-month period ended December 31, 2013

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. 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.

Investing activities for the three-month period ended December 31, 2013

During the second quarter, the cash flow used by the investing activities totalling $915,806 was for exploration and evaluation assets for a total of $910,267 (net of the variation during the period in the accounts payables and accrued liabilities amounting to $15,848). Also, a portion of the cash flow during the quarter was used for the claims renewal for a total of $5,539.

The details for the total exploration and evaluation expenses done during the three-month period ended on December 31, 2013 on each property are presented in the following table:

Properties	Balance as at Sept. 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 year ($)	Impairment	Balance as at Dec. 31, 2013 ($)
Amiral	49,142	-	-	-	-	-	-	(49,142)	-
Arques	338,340	-	-	-	-	-	-	(338,340)	-
Belcourt	2,449	-	-	-	-	-	-	-	2,449
Bel-Rive	1,841	-	-	-	-	-	-	-	1,841
Bourier	1,184,638	-	-	-	-	-	-	(1,184,638)	-
Caumont	412,563	-	-	-	-	-	-	(412,563)	-
Dumulon	216,246	-	-	-	-	-	-	(216,246)	-
Duval	265,538	-	-	-	-	-	-	(265,538)	-
Lac Tavernier	1,838	-	-	-	-	-	-	-	1,838
Lemare	1,154,829	-	-	-	-	-	-	(1,154,829)	-
Nisk	613,255	-	-	-	-	-	-	(306,627)	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	16,611	-	-	-	-	-	-	(16,611)	-
Simkar	28,873	48,315	52,079	74,474	742,720	6,325	923,913	-	952,786
Tex-Sol	6,187	2,202	-	-	-	-	2,202	-	8,389
Valiquette	450,903	-	-	-	-	-	-	(450,903)	-
TOTAL	4,778,138	50,517	52,079	74,474	742,720	6,325	926,115	(4,395,437)	1,308,816

Statements of Loss and Comprehensive Loss

Six-month periods ended December 31, 2013 and 2012

	Six months ended December 31,	
	2013	2012
	$	$
Expenses:		
Compensation	**204,649**	158,878
Share-based payments	**86,526**	72,955
Rent, office expense and other expenses	**24,394**	25,108
Registration, listing fees and shareholders' information	**34,950**	42,959
Promotion and advertising	**17,009**	1,340
Representation, missions and trade shows	**16,240**	4,276
Consultant fees	**18,601**	30,445
Professional fees	**86,683**	43,150
	489,052	379,111
Net finance expense (income):		
Finance income	**(10,543)**	(4,304)
Finance expense	**6,428**	1,171
	(4,115)	(3,133)
Operating loss	**484,937**	375,978
Other items:		
Other income related to flow-through shares	**(196,529)**	(127,662)
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**	-
	10,220,225	(127,662)
Net loss before income taxes	**10,705,162**	248,316
Deferred income taxes (recovery) expense	**(517,022)**	90,251
Net loss for the period	**10,188,140**	338,567
Other comprehensive income:		
Change in fair value of available-for-sale marketable securities	**(80,000)**	-
Comprehensive loss for the period	**10,108,140**	338,567
Basic and diluted loss per share	**0.197**	0.009
Weighted average number of shares outstanding	**51,268,035**	37,797,195

The results for the six-month period ended December 31, 2013 show an operating loss of $484,937 ($375,978 for the same period in the previous year). Aside from interest revenues of $10,543 ($4,304 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 six-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 $45,771 mainly due to management reorganization; iii) share-based payments, a non-cash item, increased by $13,571 mainly due to more options issued during the period compared to the previous year; iv) decrease of $11,844 in consultant fees, mainly related to management reorganization v) increase of $43,533 in professional fees mainly due to legal fees related to corporate affairs; vi) Promotion and advertising increased by $15,669 mainly due to more efforts done in order to promote the Company in the Val-d'Or region

Financing activities for the six-month period ended December 31, 2013

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. 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.

Investing activities for the six-month period ended December 31, 2013

During the six-month period, the cash flow used by the investing activities totalling $1,166,289 was for exploration and evaluation assets for a total of $947,603 (net of the variation during the period in the accounts payables and accrued liabilities amounting to $28,727). Also, a portion of the cash flow during the period was used for the acquisition of mining properties and claims renewal for a total of $98,686. 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.

The details for the total exploration and evaluation expenses done during the six-month period ended on December 31, 2013 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 year ($)	Impairment	Balance as at Dec. 31, 2013 ($)
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	-	-	-	-	**-**	**(1,154,829)**	**-**
Nisk	**611,455**	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	**-**	59,313	69,179	74,474	743,495	6,325	**952,786**	**-**	**952,786**
Tex-Sol	**-**	8,389	-	-	-	-	**8,389**	**-**	**8,389**
Valiquette	**450,903**	-	-	-	-	-	**-**	**(450,903)**	**-**
TOTAL	**4,727,923**	**82,857**	**69,179**	**74,474**	**743,495**	**6,325**	**976,330**	**(4,395,437)**	**1,308,816**

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 ($)	Loss (profit) before income taxes ($)	Comprehensive loss ($)	Loss per share – basic and diluted ($)
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
March 31, 2012	2,270	199,911	241,911	0.008

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	57,058,389	54,725,299
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
March 31, 2012	31,970,100	31,900,869

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
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
March 31, 2012	2,250,000	1,637,500	0.40

As at December 31, 2013, 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	11,901,400	11,901,400	0.27
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
March 31, 2012	2,600,000	2,600,000	0.45

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
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
March 31, 2012	910,000	910,000	0.40

As at December 31, 2013, the Company had issued 12,701,400 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 and 800,000 warrants were exercised on February 10, 2014 at an exercise price of $0.11 per share for a total amount of $308,000. For this consideration, the Company issued 2,000,000 shares to these warrant holders during the three-month and six-month periods ending December 31, 2013 and 800,000 shares were issued on February 10, 2014.

Related Party Transactions and Commercial Objectives

During the three-month and six-month periods ended December 31, 2013, 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 December 31		
	2013 ($)	2012 ($)
Compensation paid to key management personnel	72,627	53,725
Share-based payments towards key management personnel	1,619	33,809
Fees and expenses paid to the external directors	12,400	19,531
Share-based payments towards the directors	-	6,931

Six-month periods ended December 31		
	2013 ($)	2012 ($)
Compensation paid to key management personnel	159,815	92,837
Share-based payments towards key management personnel	36,765	44,870
Fees and expenses paid to the external directors	27,400	33,531
Share-based payments towards the directors	34,949	22,271

Inter-company transactions carried out during the three-month period ended on December 31, 2013 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 six-month period ended on December 31, 2013 between the Company and the entity having significant influence, Nemaska, totalled a net amount of $63,968 as follows: Nemaska charged to the Company $57,368 of compensation and $6,600 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 December 31, 2013 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) Arques / Bourier / Lemare / Nisk:

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 Québec. These 396 claims were assigned as follows: 109 claims to the Arques property, 142 claims to the Bourier property, 98 claims to the Lemare property and 47 claims to the Nisk property. During the year that ended June 30, 2012, 47 claims related to the Bourier property were abandoned, resulting in a remaining total of 349 claims related to this commitment.

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

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

As at December 31, 2013, cumulative exploration expenses totalling $3,095,421 ($3,095,421 as at June 30, 2013) 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.

A 1.4% NSR will be payable to one of the initial sellers on commercial production of all metals extracted from or part of the 396 claims. However, the Company shall have the option at all times and until the expiration of a period of 3 months following the official production statement to repurchase 1% NSR from the remaining seller, 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:

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 initial seller 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.

(C) Caumont / Duval / Valiquette:

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 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. The 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, 24 claims forming part of the Caumont West block are subject to a 1.5% NSR payable in favor of the initial seller of which1% of that NSR can be repurchased at all times 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.

Furthermore, pursuant to an acquisition agreement between the Company and Les Ressources Tectonic Inc. finalized on March 29, 2012, 13 claims were added to the Caumont property. The claims are subject to a 1% NSR, which can be repurchased at any time by the Company for an amount of $1,000,000 to be paid in favor of the seller.

(D) Arques:

In 2011, the Company acquired ten (10) mining claims known as “the North Rupert Block”. 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.

These mining claims are located in the Province of Québec and are enclosed in the Arques property owned 100% by the Company.

(E) Valiquette:

In 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 the seller $15,000 and 100,000 units, for every 3,000 meters of diamond drilling carried on the claims, starting after 3,000 meters to a maximum of $60,000 and a maximum of 500,000 additional units. Each unit is composed of one (1) common share and one (1) warrant.

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 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 month-period following the official production statement, to purchase 1% of the NSR by paying to the seller $1,000,000 in cash.

(F) 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.

(G)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.

(H) 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 $25,260 of eligible expenses as at December 31, 2013 and has funds reserved for exploration amounting to $176,340.

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 six-month periods ended December 31, 2013.

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 six-month periods ended December 31, 2013 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 December 31		
	2013 ($)	**2012 ($)**
Office supplies and mailing	1,761	1,354
Insurances, taxes and permits	6,402	4,856
Office expenses and equipment	3,794	2,367
Telecommunications	798	496
Training, HR activities and other adjustments	735	1,409
Total	**13,490**	**10,482**

Rent, office and other expenses for the six-month periods ended December 31		
	2013 ($)	**2012 ($)**
Office supplies and mailing	3,502	4,974
Insurances, taxes and permits	12,804	10,053
Office expenses and equipment	6,372	6,763
Telecommunications	1,566	1,909
Training, HR activities and other adjustments	150	1,409
Total	**24,394**	**25,108**

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
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 December 31, 2013, a total amount of $25,260 was used for exploration work on the Company properties. The balance of $176,340 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	**Purpose:** General administrative expenses and mining properties acquisition. **Use of funds:** Between December 14, 2012 and December 31, 2013, an amount of $387,859 was used to pay the financing costs related to this financing, while an amount of $475,588 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 $98,686 was used by the Company mainly to renew mining claims and acquired 4 more properties, namely Belcourt, Bel-rive, Lac Tavernier and Tex-sol. This is in line with the expected use of funds.
		Flow-through shares	1,647,200	**Purpose:** Exploration work on the properties owned by the Company. **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.

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 six-month periods ended December 31, 2013 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. These 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, these 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 February 25, 2014, the Board of Directors approved, for issuance, these condensed interim financial statements.

(B) Basis of measurement:

The condensed interim financial statements for the three-month and six-month periods ended December 31, 2013 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 six-month periods ended December 31, 2013 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:

These condensed interim financial statements for the three-month and six-month periods ended December 31, 2013 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 six-month periods ended December 31, 2013 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 these 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:

These condensed interim financial statements for the three-month and six-month periods ended December 31, 2013 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 December 31, 2013. 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 December 31, 2013.

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 December 31, 2013, 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 $519,626 in cash and cash equivalents not reserved for exploration ($1,142,202 as at June 30, 2013) plus $177,138 in sales tax receivables ($13,871 as at June 30, 2013) to meet its financial liabilities and future financial liabilities from its commitments. In addition, the Company has put $110,000 in escrow pending the completion of the transaction consisting in acquiring 9,999 ordinary shares of X-Ore Resources Inc., which corresponds to 99.99 per cent of all the common shares issued and outstanding of X-Ore Resources Inc. The Company also had \$176,340 (\$951,069 as at June 30, 2013) of funds reserved for exploration as at December 31, 2013. Furthermore, the Company had financial assets available-for-sale related to 8,000,000 shares of the capital of Eloro Resources Inc. having a fair market value of \$120,000 as at December 31, 2013. The common shares issued to the Company by Eloro Resources Inc. are subject to different holding periods until September 20, 2014, as follows: 1,600,000 shares on January 21, 2014; 1,600,000 shares on March 20, 2014; 2,400,000 shares on June 20, 2014; and 2,400,000 shares on September 20, 2014.

(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 these 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. The next renewals to come between the date of this MD&A and June 30, 2014 covers 449 claims and 2 mining concessions and will require exploration expenditures amounting to \$52,488 and the Company will have to pay mining rights in the amount of \$22,684 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

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Vice President, Investors relation

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