MANAGEMENT DISCUSSION AND ANALYSIS

RESSOURCES MONARQUES RESOURCES

PERIOD ENDED
SEPTEMBER 30, 2013
1ST 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 first quarter period ended September 30, 2013 and the comparison of the Company's statement of financial position as at September 30, 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 November 26, 2013. 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 31.25% (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 in order to meet its 2013-2014 budget for general and administrative expenses, to meet its short-term obligations associated with its financial liabilities, and to complete its 2013-2014 exploration budget by December 31, 2013. 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 period ended September 30, 2013 and up to the date of this report, scope of activities and next steps

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.

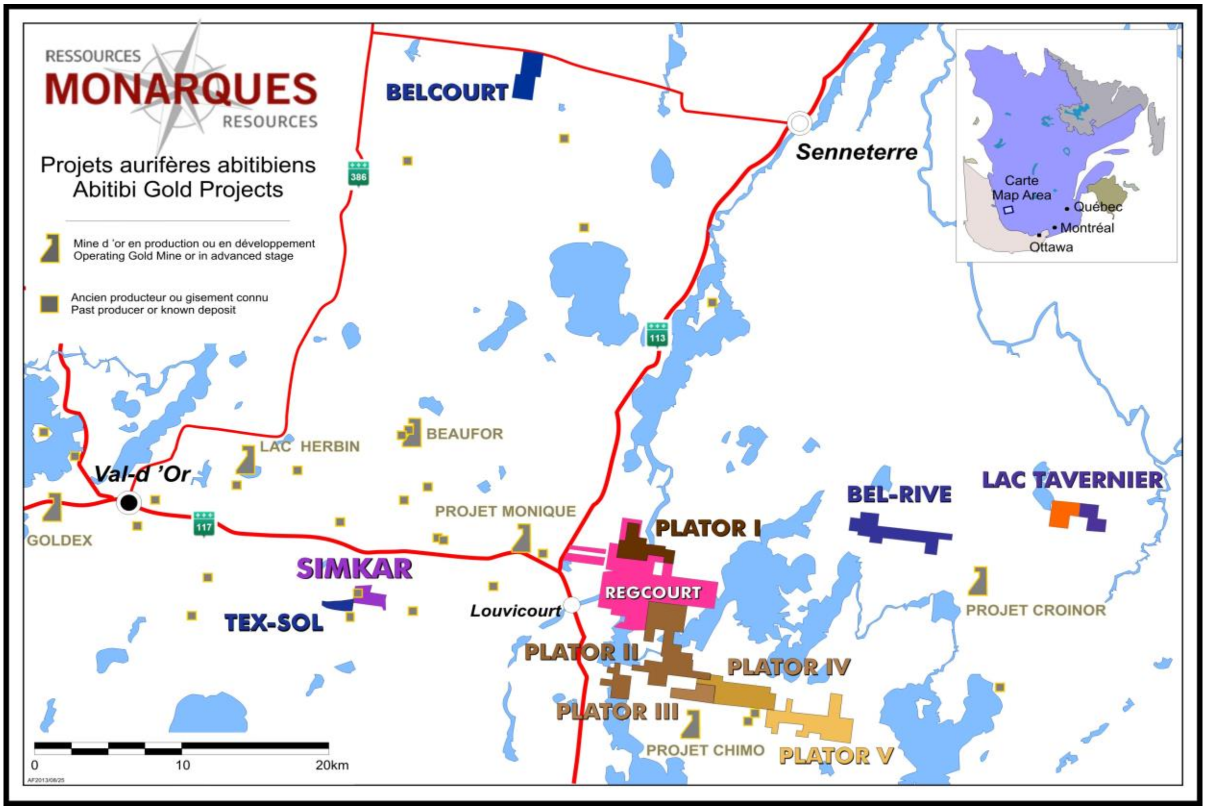
On September 23, 2013, the Company acquired for an amount of $120,000 a 50% undivided interest in the Simkar gold mining property owned by Eloro Resources Ltd. ("Eloro"). On August 6, 2013, a Conditional Asset Purchase Agreement was entered into between the Company and Eloro (the "Purchase Agreement"), 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 in the news release dated 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 Eloro will form 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 62,398,489 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 until January 21, 2014; 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. The Company also committed to carrying out $750,000 in exploration work on the Property by June 30, 2014.

On October 18, 2013, the Company announced in a press release 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 common shares 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: the termination of all the royalty agreements linked to the Croinor property; creditor approval of the proposal for arrangement which will be submitted to them by PWC as trustee in accordance with the act and which will effectively settle all debts owed by X-Ore; and the approval of the competent regulatory authorities. The Company expects to complete this transaction no later than Feb. 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.

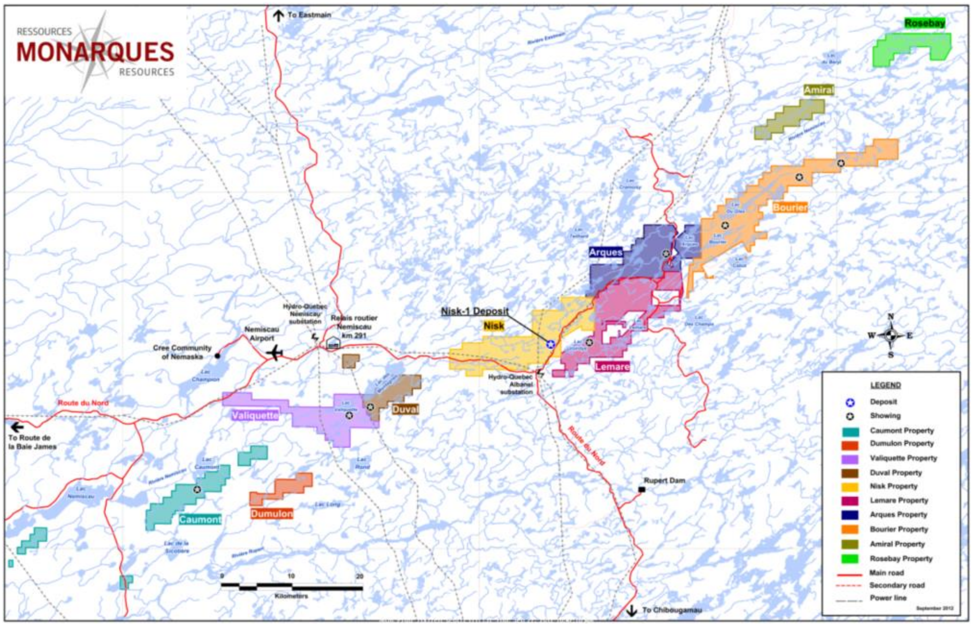
On November 21, 2013, 2,000,000 warrants were exercised by shareholders at an exercise price of $0.11 per share for a total amount of $220,000. These warrants were part of the warrants having an expiry date of June 20, 2014. The exercise price was modified from $0.20 to $0.11 following the issuance of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

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 at depth. Between September 23, 2013 and November 15, 2013, 4,000 meters has been drilled, drilling results are pending.	On October 17, 2013, a first resource calculation NI-43-101 has been prepared on the property.
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.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	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.
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.)

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	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.
	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.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	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.
	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.

MAIN WORKS DONE – NEMASKA AREA, SOUTH JAMES BAY (Block#2 properties)			
Property	**Works**	**Objective**	**Results**
	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.
	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	Data compilation and reporting.
Arques	Data compilation and reporting.
Bourier	Data compilation and reporting.
Caumont	Data compilation and reporting.
Dumulon	Data compilation and reporting.
Duval	Data compilation and reporting.
Lemare	Data compilation and reporting.
Nisk	Data compilation and reporting.
Rosebay	Data compilation and reporting.
Valiquette	Data compilation and reporting.

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 periods ended September 30, 2013 and 2012 as well as the statement of financial position as at September 30, 2013 and June 30, 2013.

Statements of comprehensive loss selected financial information		
	Three-month periods ended September 30	
Earnings and comprehensive loss	2013 ($)	2012 ($)
Interest income	6,062	2,616
Loss before income taxes	324,423	100,256
Net loss and comprehensive loss	294,542	143,280
Loss per share, basic and diluted	0.006	0.004
Statements of Financial Position selected financial information		
	As at	
	September 30, 2013 ($)	**June 30, 2013 ($)**
Cash and cash equivalents (1)	1,698,543	2,093,271
Working capital (2)	665,717	1,008,458
Total assets	14,443,122	14,682,178
Total liabilities	869,441	898,827
Shareholder's Equity	13,573,681	13,783,351

(1) The cash and cash equivalents includes $900,855 ($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 September 30, 2013

As at September 30, 2013, the assets of the Company totalled $14,443,122, representing a net decrease of $239,056 compared to June 30, 2013. The decrease during the first quarter is mostly related to: i) the change in fair value of available-for-sale financial assets in the amount of $80,000; and ii) the cash flows used for the operating activities amounting to $144,244.The total accounts payable and accrued liabilities amounting to $202,129 are mainly composed of payables related to: i) exploration and evaluation assets amounting to $48,765; ii) compensation totalling $29,712; and iii) professional fees for a total amount of $94,306.

Statements of Comprehensive Loss

Three-month periods ended September 30, 2013 and 2012

	September 30, 2013	September 30, 2012
	$	$
Expenses:		
Compensation	**109,285**	67,676
Share-based payments	**84,872**	32,037
Rent, office expenses and other expenses	**10,904**	14,625
Registration, listing fees and shareholders' information	**3,416**	5,594
Promotion and advertising	**1,604**	620
Representation, missions and trade shows	**5,933**	68
Consultant fees	**7,546**	26,279
Professional fees	**31,335**	12,481
Total expenses	**254,895**	**159,380**
Net finance expense (income):		
Finance income	**(6,062)**	(2,616)
Finance expense	**5,633**	532
	(429)	**(2,084)**
Operating loss	**254,466**	**157,296**
Other items		
Other income related to flow-through shares	**(10,043)**	(57,040)
Change in fair value of available-for-sale financial assets	**80,000**	-
	69,957	**(57,040)**
Loss before income taxes	**324,423**	**100,256**
Deferred income tax (recovery) or expense	**(29,881)**	43,024
Comprehensive loss for the period	**294,542**	**143,280**
Basic and diluted loss per share	**0.006**	0.004
Weighted average number of shares outstanding	**50,760,208**	36,660,100

The results for the quarter show an operating loss of $254,466 ($157,296 for the same period in the previous year). Aside from interest revenues of $6,062 ($2,616 for the same period in the previous year), the Company has no revenues from operations.

As seen in the previous statement of comprehensive loss, the main variations between the current three-month period and the previous year comparative figures are: i) Compensation increased by $41,609 mainly due to management reorganization; ii) share-based payments, a non-cash item, increased by $52,835 mainly due to options issued during the quarter; iii) decrease of $18,733 in consultant fees, mainly related to management reorganization; and iv) increase of $18,854 in professional fees mainly due to legal fees related to corporate affairs and due to a lower accrual provision for the auditors in the previous year comparable amount.

Financing activities for the three-month period ended September 30, 2013

During the quarter, the Company did not do any financing.

Investing activities for the three-month period ended September 30, 2013

During the first quarter, the cash flow used by the investing activities totalling $250,484 was for exploration and evaluation assets for a total of $37,337 (net of the variation during the period in the accounts payables and accrued liabilities amounting to $12,878). Also, a portion of the cash flow during the quarter was used for the acquisition of mining properties and claims renewal for a total of $93,147. 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.

[Voluntary page brake]

The details for the total exploration and evaluation expenses done during the three-month period ended on September 30, 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 ($)	Lodging, meals and travel expenses ($)	General exploration expenses ($)	Increase (Decrease) for the year ($)	Balance as at June 30, 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	-	-	-	-	-	**-**	**613,255**
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	**-**	10,998	17,100	-	775	-	-	**28,873**	**28,873**
Tex-Sol	**-**	6,187	-	-	-	-	-	**6,187**	**6,187**
Valiquette	**450,903**	-	-	-	-	-	-	**-**	**450,903**
TOTAL	**4,727,923**	**32,340**	**17,100**	**-**	**775**	**-**	**-**	**50,215**	**4,778,138**

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 ($)	Loss per share – basic and diluted ($)
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
December 31, 2011	9,800	(79,977)	243,023	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	52,760,208	50,769,299
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	37,797,195
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
December 31, 2011	31,900,100	31,900,100

Share purchase options:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price ($)
As at the date of this report	3,138,750	2,951,250	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
December 31, 2011	2,250,000	1,362,500	0.40

As at September 30, 2013, the Company had 3,176,250 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. Between October 1, 2013 and the date of this report, 37,500 options exercisable at a price of $0.40 expired.

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	11,861,400	11,861,400	0.27
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
December 31, 2011	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	695,390	695,390	0.22
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
December 31, 2011	910,000	910,000	0.40

As at September 30, 2013, the Company had issued 13,861,400 exercisable warrants to shareholders and 695,390 exercisable warrants to brokers. Each warrant allows its holder to subscribe to one (1) common share at a price varying between $0.20 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 by shareholders on November 21, 2013 at an exercise price of $0.11 per share for a total amount of $220,000. For this consideration, the Company issued 2,000,000 shares to these warrant holders.

Related Party Transactions and Commercial Objectives

During the three-month ended September 30, 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 September 30		
	2013 ($)	**2012 ($)**
Salary and fringe benefits paid to key management personnel	87,187	39,112
Share-based payments towards key management personnel	35,146	11,061
Fees and expenses paid to the external directors	15,000	14,000
Share-based payments towards the directors	34,949	15,340

Inter-company transactions carried out during the three-month period between the Company and the entity having significant influence, Nemaska Lithium, totalled a net amount of $35,468 (excluding sales tax), split as follows: Nemaska Lithium charged to the Company for the following: $32,168 as compensation and fringe benefits while the balance of $3,300 was mainly as general administrative and office expenses.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The inter-company balance payable by the Company to Nemaska as at September 30, 2013, totalled $3,300 ($nil as at June 30, 2013) and is included in accounts payable and accrued liabilities.

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 September 30, 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. In consideration for the claims, the Company paid to the seller $15,000 in cash and issued 70,000 common shares of the Company having a fair value of $10,500. 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” and paid the seller $5,000 in cash and issued 50,000 common shares of the Company having a fair value of $12,000, as a consideration for the claims acquired. Also, the Company has agreed to pay the seller 1.5% NSR if any of the claims comprising the North Rupert Block are brought into production. The Company has the right, at any time, to purchase 0.5% of the NSR by paying the seller the sum of $500,000 in cash. 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 committed to carrying out $750,000 in exploration work on the property by June 30, 2014. Between the acquisition date of September 23, 2013 and September 30, 2013, diamond drilling has started on the Simkar property and a total amount of $28,873 in exploration work was done. As announced in the news release dated 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"). 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 $4,000,000 by December 31, 2012, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on June 10, 2011. As at December 31, 2012, the Company had fulfilled 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 $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 September 30, 2013, the Company had incurred a cumulative amount of $4,746,345 of eligible expenses ($4,696,130 as at June 30, 2013) and had funds reserved for exploration amounting to $900,855 ($951,070 as at June 30, 2013).

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 period ended September 30, 2013.

The Company has no research and development expenses.

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

The office and general administrative expenses for the three-month period ended September 30, 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 September 30		
	2013 ($)	**2012 ($)**
Office supplies and mailing	1,741	3,620
Insurances, taxes and permits	6,402	5,196
Office and equipment lease and maintenance	2,578	4,396
Telecommunications	768	1,413
Training, HR activities and other adjustments	(585)	-
Total	**10,904**	**14,625**

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
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 September 30, 2013, an amount of $387,859 was used to pay the financing costs related to this financing, while an amount of $267,235 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 available-for-sale financial assets. Furthermore, the Company renewed mining claims and acquired 4 more properties, namely Belcourt, Bel-rive, Lac Tavernier and Tex-sol for a total amount of $93,147. 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 and June 30, 2013, a total amount of $746,345 was used for exploration work on the Company properties. The balance of $900,855 will be used by the Company for exploration work during the second quarter of the fiscal year 2013-2014. This is in line with the expected use of funds.

Date	Type	Financings	Amount ($)	Use of proceeds
June 20, 2012	Private placement	Common shares	586,250	**Purpose:** General administrative expenses and mining properties acquisition. **Use of funds:** Between July 1, 2012 and March 31, 2013, a total of $546,250 was used for general administrative expenses, which is in line with the budget approved by the Board of Directors. The remaining amount of $40,000 was used to buy back a 1.6% royalty that was attached to the Arques, Bourier, Lemare and Nisk properties.
June 10, 2011	Prospectus, Initial public offering	Common shares	2,000,000	**Purpose:** General administrative expenses and mining properties acquisition. **Use of funds:** A total of $1,032,409 was used to pay the financing costs related to this IPO, leaving a net balance of $967,591. Between the start of operations of the Company and June 30, 2012, a total of $835,473 of the net balance was used for general administrative expenses and a total of $139,730 was used for the acquisition of mining properties. In addition, a total amount of $173,670 (net of the $109,869 tax credit reimbursed) of this funding was used for prospecting and exploration work.
		Flow-through shares	4,000,000	**Purpose:** Exploration work on the properties owned by the Company. **Use of funds:** Between July 1, 2011 and December 31, 2012, exploration work has been done on the properties owned by the Company. The full amount of this financing was used for exploration work on the Company's properties, as detailed in note 5 of the financial statements for the period covered by this report. The use of funds is in line with the expected use of proceeds indicated in the final prospectus.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Basis of presentation

(A) Statement of compliance:

These unaudited condensed interim financial statements 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 November 26, 2013, the Board of Directors approved, for issuance, these condensed interim financial statements.

(B) Basis of measurement:

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

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

(D) Use of estimates and judgments:

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

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

In preparing these interim condensed financial statements, the significant judgments made by management applying the Company accounting policies relate to the determination of capitalizable costs as exploration and evaluation assets and accounting for refundable credit for mining duties as described in the Company's audited annual financial statements for the year ended June 30, 2013.

Significant accounting policies:

These condensed interim financial statements 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.

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 September 30, 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 the condensed interim financial statements for the period ended September 30, 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 September 30, 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 $797,688 in cash and cash equivalents not reserved for exploration ($1,142,202 as at June 30, 2013) plus $20,109 in sales tax receivables ($13,871 as at June 30, 2013) to meet its financial liabilities and future financial liabilities from its commitments. The Company also had $900,855 ($951,069 as at June 30, 2013) of funds reserved for exploration as at September 30, 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 $40,000 as at September 30, 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 $60,380 and the Company will have to pay mining rights in the amount of $22,477 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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