CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(Formerly Monarques Resources Inc.)

SIX-MONTH PERIOD ENDED DECEMBER 31, 2015

MONARQUES GOLD CORPORATION

1 PLACE VILLE MARIE
SUITE 2001
MONTREAL (QUEBEC) H3B 2C4
TÉL.: 1-888-994-4465
FAX.: 418 614-0627

TSX-V : MQR
WWW.MONARQUESGOLD.COM

(Formerly Monarques Resources Inc.)

Six-month periods ended December 31, 2015 and 2014

Consolidated Condensed Interim Financial Statements

MONARQUES GOLD CORPORATION

(Formerly Monarques Resources Inc.)

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the unaudited consolidated condensed interim financial statements and other financial information presented in this Report. Other information included in these unaudited consolidated condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited consolidated condensed interim financial statements are presented fairly in all material respects.

A system of administrative, internal accounting and disclosure controls has been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

The Board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the unaudited consolidated condensed interim financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is mainly composed of independent outside directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These unaudited consolidated condensed interim financial statements have been reviewed and approved by the Board of directors on the recommendation of the Audit Committee.

The unaudited consolidated condensed interim financial statements for the three-month and six-month periods ended December 31, 2015 and 2014 have been reviewed by KPMG LLP, the independent auditors. The independent auditors have full and free access to the Audit Committee.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that all transactions are being made only in accordance with the authorizations of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ Jean-Marc Lacoste	*/s/ Alain Lévesque*
Jean-Marc Lacoste, President and CEO	Alain Lévesque, Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

DECEMBER 31, 2015 AND JUNE 30, 2015

	NOTE	DECEMBER 31, 2015	JUNE 30, 2015
		$	$
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	11 (E)	**893,395**	1,378,648
Sales tax receivable		**114,062**	136,936
Marketable securities	8	**-**	14,500
Tax credits and mining rights receivable		**54,947**	70,147
Prepaid expenses		**8,005**	38,678
		1,070,409	1,638,909
NON-CURRENT ASSETS:			
Deposits to suppliers for exploration and evaluation expense		**-**	20,000
In trust deposit	5	**208,078**	208,078
Mining properties	6	**3,024,882**	3,022,255
Exploration and evaluation assets	7	**2,988,140**	2,304,556
		6,221,100	5,554,889
TOTAL ASSETS		**7,291,509**	7,193,798
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		**285,357**	404,968
Liability related to flow-through shares	9 (iv)	**54,716**	121,685
		340,073	526,653
NON-CURRENT LIABILITIES:			
Deferred income taxes and mining taxes		**295,092**	190,771
Asset retirement obligations		**416,155**	416,155
		711,247	606,926
Total liabilities		**1,051,320**	1,133,579
EQUITY:			
Share capital and warrants	9	**20,801,099**	20,274,089
Contributed surplus		**705,980**	698,643
Accumulated other comprehensive income		**-**	11,500
Deficit		**(15,266,890)**	(14,924,013)
		6,240,189	6,060,219
TOTAL LIABILITIES AND EQUITY		**7,291,509**	7,193,798

Reporting entity and nature of operations (Note 1); Going concern (Note 2);

Commitments (Note 11)

The notes on pages 7 to 22 are an integral part of these consolidated condensed interim financial statements.

On behalf of the Board:

'Jean-Marc Lacoste', Director *'Michel Baril'*, Director

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2015 AND 2014

		THREE-MONTH ENDED December 31,		SIX-MONTH ENDED December 31,	
	NOTE	**2015**	2014	**2015**	2014
		$	$	**$**	$
Expenses:					
Compensation	15	**77,255**	125,918	**157,477**	249,592
Share-based payments	10	**6,205**	697	**7,337**	1,598
Rent, office expense and other expenses		**6,437**	9,258	**15,847**	18,626
Registration, listing fees and shareholders' information		**17,384**	40,606	**18,621**	50,069
Promotion and advertising		**15,539**	4,889	**30,778**	6,044
Representation, missions and trade shows		**9,036**	6,000	**15,030**	14,241
Consultant fees		**30,886**	6,391	**34,412**	25,896
Professional fees		**32,919**	19,582	**49,979**	51,327
		195,661	213,341	**329,481**	417,393
Net finance expense (income):					
Finance income		**(16)**	(3,595)	**(3,676)**	(6,647)
Finance expense		**965**	923	**1,844**	1,896
		949	(2,672)	**(1,832)**	(4,751)
Operating loss		**196,610**	210,669	**327,649**	412,642
Other items:					
Other income related to flow-through shares		**(57,880)**	(1,125)	**(126,969)**	(29,648)
Other revenue		**(8,813)**	(12,465)	**(8,813)**	(12,465)
Change in fair value of marketable securities		**-**	-	**(8,515)**	(4,000)
		(66,693)	(13,590)	**(144,297)**	(46,113)
Net loss before income taxes		**129,917**	197,079	**183,352**	366,529
Deferred income taxes expense		**45,365**	959	**104,321**	18,530
Net loss for the periods		**175,282**	198,038	**287,673**	385,059
Other comprehensive income:					
Items that are or may be reclassified subsequently to net income or loss:					
Change in fair value of available-for-sale marketable securities		**-**	14,400	**11,500**	30,400
Comprehensive loss for the periods		**175,282**	212,438	**299,173**	415,459
Basic and diluted loss per share		**0.002**	0.003	**0.004**	0.006
Weighted average number of shares outstanding		**86,568,067**	66,640,918	**85,219,931**	65,613,060

The notes on pages 7 to 22 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2015 AND 2014

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL
	$	$	$	$	$
BALANCE AS AT JUNE 30, 2015	**20,274,089**	**698,643**	**11,500**	**(14,924,013)**	**6,060,219**
Equity financing:					
Issuance of shares	365,000	-	-	-	**365,000**
Flow-through shares	160,000	-	-	-	**160,000**
Share issuance costs	-	-	-	(53,194)	**(53,194)**
OPTIONS:					
Granted to employees, officers, directors, consultants or I.R. representatives (note 10)	-	7,337	-	-	**7,337**
Granted to brokers (note 9)	2,010	-	-	(2,010)	**-**
	20,801,099	**705,980**	**11,500**	**(14,979,217)**	**6,539,362**
NET LOSS FOR THE PERIOD	-	-	-	(287,673)	**(287,673)**
OTHER COMPREHENSIVE LOSS:					
Change in fair value of available-for-sale marketable securities	-	-	(11,500)	-	**(11,500)**
BALANCE AS AT DECEMBER 31, 2015	**20,801,099**	**705,980**	**-**	**(15,266,890)**	**6,240,189**

The notes on pages 7 to 22 are an integral part of these consolidated condensed interim financial statements.

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL
	$	$	$	$	$
BALANCE AS AT JUNE 30, 2014	**17,825,872**	**611,166**	**50,000**	**(13,631,815)**	**4,855,223**
Equity financing:					
Issuance of shares	618,560	-	-	-	**618,560**
Flow-through shares	1,684,600	-	-	-	**1,684,600**
Flow-through shares premium	(315,863)	-	-	-	**(315,863)**
Share issuance costs	-	-	-	(419,295)	**(419,295)**
OPTIONS:					
Granted to employees, officers, directors, consultants or I.R. representatives (note 10)	-	1,598	-	-	**1,598**
Granted to brokers (note 9)	60,920	-	-	(60,920)	**-**
	19,874,089	**612,764**	**50,000**	**(14,112,030)**	**6,424,823**
NET LOSS FOR THE PERIOD	-	-	-	(385,059)	**(385,059)**
OTHER COMPREHENSIVE LOSS:					
Change in fair value of available-for-sale marketable securities	-	-	(30,400)	-	**(30,400)**
BALANCE AS AT DECEMBER 31, 2014	**19,874,089**	**612,764**	**19,600**	**(14,497,089)**	**6,009,364**

The notes on pages 7 to 22 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2015 AND 2014

	THREE-MONTH ENDED December 31,		SIX-MONTH ENDED December 31,	
	2015	2014	**2015**	2014
	$	$	**$**	$
Cash flows used in operating activities:				
Net loss for the period	**(175,282)**	(198,038)	**(287,673)**	(385,059)
Adjustments for:				
Share-based payments	**6,205**	697	**7,337**	1,598
Other income related to flow-through shares	**(57,880)**	(1,125)	**(126,969)**	(29,648)
Change in fair value of marketable securities	-	-	**(8,515)**	(4,000)
Deferred income taxes expense	**45,365**	959	**104,321**	18,530
Net change in non-cash operating working capital	**8,782**	(99,567)	**54,842**	(168,650)
	(172,810)	(297,074)	**(256,657)**	(567,229)
Cash flows from financing activities:				
Proceeds from issuance of shares	**365,000**	618,560	**365,000**	618,560
Flow-through shares	**220,000**	1,684,600	**220,000**	1,684,600
Share issuance expenses	**(53,194)**	(290,677)	**(58,140)**	(290,677)
	531,806	2,012,483	**526,860**	2,012,483
Cash flows used in investing activities:				
Additions to mining properties	**(2,627)**	(6,721)	**(2,627)**	(10,265)
Refund of deposits to suppliers for exploration and evaluation expense	**20,000**	-	**20,000**	-
Decrease in deposits to suppliers for exploration and evaluation assets	**-**	-	**-**	10,838
Disposal of marketable securities	**-**	-	**11,515**	31,000
Cashed tax credits	-	-	**15,200**	-
Increase in exploration and evaluation assets	**(367,359)**	(163,947)	**(799,544)**	(260,735)
	(349,986)	(170,668)	**(755,456)**	(229,162)
Net increase (decrease) in cash and cash equivalents	**9,010**	1,544,740	**(485,253)**	1,216,092
Cash and cash equivalents, beginning of the period	**884,385**	917,054	**1,378,648**	1,245,702
Cash and cash equivalents, end of the period	**893,395**	2,461,794	**893,395**	2,461,794

Items not affecting cash and cash equivalents (Note 14)

The notes on pages 7 to 22 are an integral part of these consolidated condensed interim financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS:

Monarques Gold Corporation (Formerly Monarques Resources Inc.) (the "Company"), incorporated on February 16, 2011, under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its shares trade on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is an associate of Nemaska Lithium Inc. ("Nemaska"), a company that trades on the TSX Venture under the symbol NMX and owns 17.53% (18.90% as at June 30, 2015) of the share capital of the Company as at the date of these consolidated condensed interim financial statements.

On January 14, 2015, the Company changed its name from Monarques Resources Inc. to Monarques Gold Corporation.

The address of the head office of the Company is 1, Place Ville Marie, Suite 2001, Montreal (Québec), Canada H3B 2C4 and the web site is www.monarquesgold.com.

The Company has not yet determined if the 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 consolidated condensed interim financial statements, management determined that the carrying amount of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

2. GOING CONCERN:

Management estimates that the working capital available to the Company at the end of the period will provide the Company with adequate funding in order to cover its 2015-2016 fiscal year budget for general administrative expenses, to meet its short-term obligations, and to complete its planned 2016 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.

As at December 31, 2015, all of the Company's financial liabilities had contractual maturities of less than one year and the Company had enough funds available to meet its current financial liabilities. At the same date, the Company had $692,769 in cash and cash equivalents not reserved for exploration ($729,667 as at June 30, 2015). The total working capital (less funds reserved for exploration and current payment for asset retirement obligations) is $480,387 to meet its financial liabilities and future financial liabilities from its commitments. The Company had $200,626 ($648,981 as at June 30, 2015) of funds reserved for exploration as at December 31, 2015.

2. GOING CONCERN (CONTINUED):

These consolidated 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 consolidated 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.

3. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These unaudited consolidated condensed interim financial statements have been prepared in accordance with 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 consolidated 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 consolidated 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, 2015. On February 24, 2016, the Board of Directors approved, for issuance, these consolidated condensed interim financial statements.

(B) BASIS OF MEASUREMENT:

The consolidated condensed interim financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, which are measured at fair value through other comprehensive income.

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

3. BASIS OF PREPARATION (CONTINUED):

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the consolidated 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 consolidated condensed interim 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, 2015.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended June 30, 2015.

5. IN TRUST DEPOSIT:

The Company's provision consists primarily of assets retirement obligations for costs associated with mine reclamation and closure activities at the Croinor property, following the acquisition of X-Ore. Following the restoration plan submitted in 2014 by the Company to the Ministère des Ressources Naturelles et de la Faune of the province of Québec ("MRNF"), the MRNF advised the Company on January 23, 2015 that the total amount of the financial guarantee for the restoration of the mining site would be $416,155. As at December 31, 2015, the Company has investments totaling $208,078 ($208,078 as at June 30, 2015) in term deposits in accordance with the current financial guarantee requirements set forth by the MRNF for future site restoration costs at the Croinor mining site. These term deposits bear interest ranging from 1.50% to 1.55%, maturing between March 28, 2016 and September 7, 2018. The remaining amount of $208,078, will need to be deposited in a trust account on the following dates: i) $104,039 on January 23, 2016 and; ii) $104,039 on January 23, 2017. The change in the value of the asset retirement obligation was treated as a change in estimate and the amount of $310,977 was recorded as an increase in the cost of the Croinor Gold property during the year ended June 30, 2015.

6. MINING PROPERTIES:

PROPERTIES (1)	LOCALIZATION	ROYALTIES (2)	JUNE 30, 2015	ACQUISITION	ASSET RETIREMENT	DECEMBER 31, 2015
			$	$	$	$
Belcourt Gold	SNRC 32C06	1.5%	**3,453**	-	-	**3,453**
Croinor Gold	SNRC 32C02, 32C03,	1.5%	**2,822,488**	-	-	**2,822,488**
Regcourt Gold	SNRC 32C03	2.5%	**105,911**	**2,627**	-	**108,538**
Simkar Gold	SNRC 32C04	1.5%	**90,403**	-	-	**90,403**
			3,022,255	**2,627**	-	**3,024,882**

(1) Properties are all located in the Province of Québec, Canada.

(2) The claims comprising the properties have either been acquired with different agreements or by map designation and therefore royalties applicable, if any, are covered under specific agreements as the case may be (see Note 11).

PROPERTIES (1)	LOCALIZATION	ROYALTIES (2)	JUNE 30, 2014	ACQUISITION	ASSET RETIREMENT	JUNE 30, 2015
			$	$	$	$
Belcourt Gold	SNRC 32C06	1.5%	**3,453**	-	-	**3,453**
Croinor Gold	SNRC 32C02, 32C03,	1.5%	**2,498,252**	**13,259**	**310,977**	**2,822,488**
Regcourt Gold	SNRC 32C03	2.5%	**103,227**	**2,684**	-	**105,911**
Simkar Gold	SNRC 32C04	1.5%	**90,403**	-	-	**90,403**
			2,695,335	**15,943**	**310,977**	**3,022,255**

(1) Properties are all located in the Province of Québec, Canada.

(2) The claims comprising the properties have either been acquired with different agreements or by map designation and therefore royalties applicable, if any, are covered under specific agreements as the case may be (see Note 11).

7. EXPLORATION AND EVALUATION ASSETS:

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

	JUNE 30, 2015	EXPLORATION EXPENSES	TAX CREDITS FOR RESOURCES	DECEMBER 31, 2015
	$	$	$	$
Belcourt Gold	2,449	-	-	2,449
Croinor Gold	1,222,262	639,503	-	1,861,765
Regcourt Gold	41,512	-	-	41,512
Simkar Gold	1,038,333	44,081	-	1,082,414
	2,304,556	683,584	-	2,988,140

	JUNE 30, 2014	EXPLORATION EXPENSES	TAX CREDITS FOR RESOURCES	JUNE 30, 2015
	$	$	$	$
Belcourt Gold	2,449	-	-	2,449
Croinor Gold	12,071	1,272,837	(62,646)	1,222,262
Regcourt Gold	34,885	6,627	-	41,512
Simkar Gold	1,015,027	23,306	-	1,038,333
	1,064,432	1,302,770	(62,646)	2,304,556

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2015	YEAR ENDED JUNE 30, 2015
	$	$
Exploration expenses:		
Salaries, supervision and consultants	95,465	261,651
Geology and geophysics	292,317	409,623
Test, sampling and prospecting	34,020	32,302
Drilling, equipment rental and other material	249,134	564,945
Lodging, meals and travel expenses	12,648	34,249
Increase of exploration expenses	**683,584**	**1,302,770**
Tax credits for resources	-	(62,646)
Balance, beginning of period	**2,304,556**	1,064,432
Balance, end of period	**2,988,140**	**2,304,556**

8. MARKETABLE SECURITIES:

On September 23, 2013, the Company acquired a 50% undivided interest in the Simkar gold mining property owned by Eloro Resources Ltd. ("Eloro") pursuant to a Conditional Asset Purchase Agreement (the "Agreement") entered into between the Company and Eloro.

Pursuant to the terms of the Agreement and in consideration of the acquisition, the Company committed to invest $120,000 as a private placement in the share capital of Eloro, at a price of $0.015 per common share, for a total of 8,000,000 common shares of Eloro.

Effective October 1, 2014, Eloro proceeded with a share rollback on the basis of 10 old shares for one new share. During the period ended December 31, 2015, the Company sold 100,000 shares (400,000 in 2014) for a gross proceed of $11,515 ($31,000 in 2014). Following the transaction, the Company does not hold any shares of Eloro as at December 31, 2015.

9. SHARE CAPITAL AND WARRANTS:

Authorized:

Unlimited number of common shares without par value.

Changes in the Company share capital and warrants were as follows:

	NUMBER OF WARRANTS	NUMBER OF SHARES	AMOUNT $
Balance at June 30, 2014 (i)	**16,290,786**	**64,585,204**	**17,825,872**
Paid in cash (ii)	8,372,456	8,757,811	1,034,921
Flow-through shares (iii)	5,992,482	10,528,750	1,413,296
Balance at June 30, 2015 (i)	**30,655,724**	**83,871,765**	**20,274,089**
Paid in cash (ii)	4,005,881	4,562,500	367,010
Flow-through shares (iv)	1,344,000	2,000,000	160,000
Expiration	(10,790,790)	-	-
Balance at December 31, 2015 (i)	**25,214,815**	**90,434,265**	**20,801,099**

(i) A total of 64,102 shares are escrowed as at December 31, 2015 (64,102 as at June 30, 2015) related to the acquisition of mining properties. The common shares will be escrowed for a period of three years from the Closing Date, which was June 12, 2013, pursuant to the terms and conditions of an escrow agreement between the Vendor and the Escrow Agent on the Closing Date. A proportion of 33% of the Escrow Shares is released from escrow at 12-month intervals from the Closing Date.

(ii) The fair value of $2,010 related to the warrants issued to brokers during the financing that occurred in December 2015 ($60,920 for the financing occurred in December 2014) was added to the value of the share capital, with the counterpart to deficit, as disclosed in the consolidated condensed interim statement of changes in shareholders' equity for the corresponding period.

(iii) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $315,863 that was recorded when the flow-through shares were issued during the financings that occurred in December 2014. No liability is remaining as at December 31, 2015 related to these flow-through shares. During the six-month period ended December 31, 2015, an amount of $121,685 has been recognized as other income related to flow-through shares in the consolidated condensed interim statements of loss and comprehensive loss, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

(iv) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $60,000 that was recorded when the flow-through shares were issued during the financing that occurred in December 2015. As at December 31, 2015, the balance of the liability related to these flow-through shares is $54,716. During the six-month period ended December 31, 2015, an amount of $5,284 has been recognized as other income related to flow-through shares in the consolidated condensed interim statements of loss and comprehensive loss, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

(A) PERIOD ENDED DECEMBER 31, 2015:

On November 6, 2015, the Company closed a non-brokered private placement of an aggregate of 3,875,000 units at a price of $0.08 per unit for a gross proceed of $310,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 for a period of 24 months following the closing of the private placement.

On December 18, 2015, the Company closed a brokered private placement for an aggregate gross proceeds of $275,000. Pursuant to this placement, the Company issued a total of 500 “flow-through units” at a price of $550 per unit. Each “flow-through unit” consists of 4,000 common shares in the capital of the Company issued as flow-through shares at a price of $0.11 per flow-through share, 1,375 common shares in the capital of the Company at a price of $0.08 per common share and 2,688 common share purchase warrants of the Company. Each warrant entitles its holder thereof to purchase one common share at a price of $0.10 per common share, until December 18, 2017. In consideration for its services, the agent received a cash commission of $24,805 and 130,881 agent’s compensation warrants to purchase, until December 18, 2017, a total of 130,881 common shares at a price of $0.10 per common share.

(B) YEAR ENDED JUNE 30, 2015:

On May 4, 2015, the Company closed a non-brokered private placement of an aggregate of 4,000,000 units at a price of $0.10 per unit. Each unit is comprised of: (i) one common share in the capital of the Company at a price of $0.10 per share; and (ii) one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.14 for a period of 24 months following the closing of the private placement.

On December 15 and 23, 2014, the Company closed two tranches of a brokered short-form prospectus placement for an aggregate gross proceeds of $2,303,160. Pursuant to these placements, the Company issued a total of 3,608,925 of “A units” at a price of $0.13 per unit, 747 of “B units” at a price of $1,000 per unit, and 6,793,750 of “C units” at a price of $0.16 per unit. Each “A unit” consists of one common share in the capital of the Company at a price of $0.13 per common share and one common share purchase warrant. Each “B unit” consists of 5,000 common shares to be issued as flow-through shares at a price of $0.16 per flow-through share, 1,538 common shares at a price of $0.13 per common share and 3,269 warrants. Each “C unit” consists of one flow-through share at a price of $0.16 per flow-through share and one-half of one warrant. Each warrant entitles its holder thereof to purchase one common share at a price of $0.18 per common share, until December 15, 2017. In consideration for its services, the agent received a cash commission of $230,316 and 917,195 agent’s compensation warrants to purchase, until December 15, 2017, a total of 917,195 common shares at a price of $0.13 per common share. The warrants issued to the shareholders related to this financing were listed on the TSX Venture Exchange on January 23, 2015 under the trading symbol “MQR.WT.A”.

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

(C) WARRANTS GRANTED TO OTHERS THAN THE BROKERS:

Changes in the Company's warrants granted to others than the brokers were as follows. Each warrant can be converted into one common share of the Company:

	Six-month period ended December 31, 2015		Year ended June 30, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of the period	**28,959,139**	**0.21**	15,511,396	0.25
Granted	**5,219,000**	**0.10**	13,447,743	0.17
Expired	**(10,011,400)**	**(0.29)**	-	-
Outstanding, end of period	**24,166,739**	**0.15**	**28,959,139**	**0.21**

The following table summarizes the information relating to the warrants:

Number of warrants outstanding as at December 31, 2015	Exercise price	Expiry date
	$	
1,818,181 (exercisable)	0.14	February 2016
3,681,815 (exercisable)	0.14	June 2016
4,000,000 (exercisable)	0.14	May 2017
3,875,000 (exercisable)	0.10	November 2017
9,447,743 (exercisable)	0.18	December 2017
1,344,000 (exercisable)	0.10	December 2017
24,166,739		

(D) WARRANTS GRANTED TO BROKERS:

Changes in the Company's warrants granted to brokers were as follows. Each warrant can be converted into one common share of the Company:

	Six-month period ended December 31, 2015		Year ended June 30, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of the period	1,696,585	0.17	779,390	0.21
Granted	130,881	0.10	917,195	0.13
Expired	(779,390)	(0.21)	-	-
Outstanding, end of period	**1,048,076**	**0.13**	**1,696,585**	**0.17**

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

(D) WARRANTS GRANTED TO BROKERS (CONTINUED):

The weighted average fair value of share purchase warrants granted to brokers during the six-month period ended December 31, 2015 is $0.02 ($0.07 for the year ended June 30, 2015). The fair value of the warrants granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2015	YEAR ENDED JUNE 30, 2015
Risk-free interest rate	0.6%	1.02%
Expected annual dividend rate	0%	0%
Expected annualized volatility	74%	90%
Expected life of warrants	2 years	3 years

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

NUMBER OF WARRANTS OUTSTANDING AS AT DECEMBER 31, 2015	EXERCISE PRICE	EXPIRY DATE
	$	
917,195 (exercisable)	0.13	December 2017
130,881 (exercisable)	0.10	December 2017
1,048,076		

10. SHARE PURCHASE OPTIONS:

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

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Company being outstanding from time to time.

The maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for consultants and investors relation representative. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. In the case an optionee leaves the Company, his options normally expire no later than one year following his departure, subject to the conditions established under the common share purchase option plan. The vesting period for the share purchase options and warrants to brokers varies from immediate vesting up to 36 months vesting periods and the life of the options varies from two to five years.

10. SHARE PURCHASE OPTIONS (CONTINUED):

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2015		YEAR ENDED JUNE 30, 2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**5,095,000**	**0.22**	3,696,250	0.25
Granted	**150,000**	**0.10**	1,450,000	0.12
Expired	**(45,000)**	**(0.33)**	(51,250)	0.16
Outstanding, end of period	**5,200,000**	**0.21**	**5,095,000**	**0.22**
Exercisable, end of period	**5,125,000**	**0.21**	**4,982,500**	**0.22**

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2015	YEAR ENDED JUNE 30, 2015
	$	$
Weighted average fair value of share purchase options granted during the period	0.05	0.06

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2015	YEAR ENDED JUNE 30, 2015
Risk-free interest rate	0.70%	0.94%
Expected annual dividend rate	0%	0%
Expected annualized volatility	85%	87%
Expected life of options	5 years	5 years

For the three-month and six-month periods ended December 31, 2015, the application of the fair value model resulted in share-based payments expenses of $6,205 ($697 in 2014) and $7,337 ($1,598 in 2014), respectively.

10. SHARE PURCHASE OPTIONS (CONTINUED):

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

NUMBER OF OPTIONS OUTSTANDING AS AT DECEMBER 31, 2015		EXERCISE PRICE	EXPIRY DATE
Outstanding	Exercisable	$	
150,000	150,000	0.250	March 2016
50,000	50,000	0.150	March 2016
25,000	25,000	0.140	March 2016
75,000	75,000	0.130	March 2016
1,225,000	1,225,000	0.400	July 2016
300,000	300,000	0.125	July 2017
400,000	400,000	0.250	October 2017
50,000	50,000	0.250	December 2017
800,000	800,000	0.150	September 2018
600,000	600,000	0.140	June 2019
425,000	425,000	0.130	January 2020
950,000	950,000	0.120	May 2020
150,000	75,000	0.100	November 2020
5,200,000	**5,125,000**		

11. COMMITMENTS:

(A) REGCOURT GOLD

The Company has agreed to pay Plato Gold Inc. a 1% Net Smelter Return ("NSR") on all metals on some of the claims forming the property and has the right, at any time before commercial production, to purchase this 1% NSR by paying the seller $1,000,000 in cash. Also, the Company has agreed to pay Eloro Resources Inc. a 1.5% NSR on all metals from the claims and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying Eloro Resources Inc. $1,000,000 in cash.

(B) SIMKAR GOLD

The Company has agreed to pay Eloro Resources Inc. a royalty equal to 1.5% NSR on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of $1,000,000 in cash. This buyback clause does not apply to 11 of the claims forming the property.

(C) BELCOURT GOLD

The Company has agreed to pay Eloro Resources Inc. a royalty equal to 1.5% NSR on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of $1,000,000 in cash.

11. COMMITMENTS (CONTINUED):

(D) CROINOR GOLD

The Company has agreed to pay the beneficiaries a total royalty of 1.5% NSR on all metals on some of the claims acquired and has the right, at any time before commercial production, to purchase 50% of this NSR by paying the beneficiaries a total of $500,000 in cash.

(E) FLOW-THROUGH SHARES

The Company is also committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $1,684,600 by December 31, 2015, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through shares completed on December 15, 2014 and December 23, 2014. The Company has fulfilled this commitment since it incurred a cumulative amount of $1,684,600 of eligible expenses prior to December 31, 2015 ($1,035,619 as at June 30, 2015) and has no funds ($648,981 as at June 30, 2015) reserved for exploration 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 $220,000 by December 31, 2016, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through shares completed on December 18, 2015. In relation to this commitment, the Company has incurred a cumulative amount of $19,374 of eligible expenses as at December 31, 2015 and has $200,626 of funds reserved for exploration.

(F) LEASE

The Company rents office space for a monthly amount of $925 until May 31, 2016. The Company is also renting storage space for an annual amount of $3,134. As at December 31, 2015, the total contractual payments remaining until May 31, 2016, assuming the lease will not be terminated before the end of the term, will amount to $4,625.

11. COMMITMENTS (CONTINUED):

(G) BEACON PROPERTY

On November 17, 2015, the Company signed a letter of intent to acquire the Beacon property from 9965-9911 Québec Inc. The property consists of a metallurgical processing plant, tailings management ponds, underground installations, a 500-metre deep shaft, a mechanical shop and all mineral rights attached to the transaction, namely one mining concession, one mining lease and 11 mineral claims totalling 180 hectares (the "Beacon property"). The Company has until April 30, 2016, or such other date as the parties may agree, to proceed with the acquisition of the Beacon property in consideration of the payment of $4,400,000, as follows: i) $500,000 on closing of the transaction, payable, at Company discretion, in cash or in common shares at a price per share equal to the greater of a) the average closing price of the common shares of the Company listed on the TSX Venture Exchange (the "Exchange") over the five days preceding the closing; or b) the lowest price at which the common shares of the Company were issued in any private placement entered into between the date the letter of intent was signed and the closing, the whole subject to the minimum price allowed by the policies of the Exchange; and ii) $650,000 payable in cash at the 30th, 36th, 42nd, 48th, 54th and 60th month following closing of the transaction. The agreement is subject to: i) the completion of a due diligence review of Beacon property, including but not limited to the mining rights, processing plant, surface and underground infrastructure, and engineering reports, to the Company satisfaction; ii) the completion of a due diligence review of the Company by the Vendor; iii) regulatory and Ministerial approvals; iv) payment by the Vendor of 50% of the amount earmarked for the Beacon property rehabilitation plan to the Ministère de l'Énergie et des Ressources naturelles; and v) negotiation and signature of the formal deeds of sale and hypothec.

12. RELATED PARTY TRANSACTIONS:

The Company has no ultimate parent.

Inter-company transactions carried out during the three-month period ended December 31, 2015 between the Company and Nemaska Lithium Inc. ("Nemaska") (entity having significant influence over the Company) totalled an amount of $15,000 ($28,500 in 2014) for compensation expenses.

Inter-company transactions carried out during the six-month period ended December 31, 2014 between the Company and Nemaska totalled an amount of $37,500 ($57,000 in 2014) for compensation 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. There is no inter-company balance payable or receivable by the Company to or from Nemaska as at December 31, 2015 and as at June 30, 2015.

13. EARNINGS PER SHARE:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and, therefore, their effect would have been antidilutive.

14. ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS:

	THREE-MONTH PERIODS ENDED DECEMBER 31,		SIX-MONTH PERIODS ENDED DECEMBER 31,	
	2015	2014	**2015**	2014
	$	**$**	$	$
Non-cash items:				
Changes in accounts payable and accrued liabilities related to share issuance costs	**-**	(128,618)	**4,946**	(128,618)
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	**(52,247)**	(94,185)	**(115,960)**	12,416
Change in asset retirement obligation capitalized to the cost of mining properties	-	310,977	-	310,977

15. COMPENSATION:

	THREE-MONTH PERIODS ENDED DECEMBER 31,		SIX-MONTH PERIODS ENDED DECEMBER 31,	
	2015	2014	**2015**	2014
	$	**$**	$	$
Wages and fringe benefits paid to key management personnel	**60,162**	99,412	**124,560**	192,206
Wages and fringe benefits paid to other staff employees	**4,107**	6,015	**11,322**	18,645
Fees paid to the members of the Board of directors	**12,986**	20,491	**21,595**	38,741
	77,255	125,918	**157,477**	249,592

During the three-month and six-month periods ended December 31, 2015, the Company incurred $6,205 ($697 in 2014) and $7,337 ($1,598 in 2014), respectively, of share-based payments expenses, of which $1,308 ($697 in 2014) and $1,308 ($1,598 in 2014), respectively, were attributed to key management personnel and $3,766 (nil in 2014) and $3,766 (nil in 2014), respectively, were attributed to the members of the Board of directors in relation with the share purchase options granted.

16. FINANCIAL INSTRUMENTS:

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of short-term financial assets and liabilities, which include cash and cash equivalents, in-trust deposit, other receivables and deposits and accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturity of these financial instruments.