

MANAGEMENT DISCUSSION AND ANALYSIS



YEAR AND 4TH QUARTER ENDED
JUNE 30, 2016

MONARQUES GOLD CORPORATION

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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 Monarques Gold Corporation (Formerly Monarques Resources Inc.) (the "Corporation") and the highlights of its financial situation. It explains the financial situation and the results for the fourth quarter and year ended June 30, 2016 and the comparison of the Corporation's statement of financial position as at June 30, 2016 and June 30, 2015.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2016 and the related notes thereto.

The audited consolidated financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on October 24, 2016. 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 Corporation 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 Corporation 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 Corporation 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

The Corporation 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 Corporation has not yet determined if the properties contain ore reserves that are economically recoverable. Although the Corporation 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 Corporation'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 Corporation 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 carrying amount of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

Reporting entity and going concern (continued)

Management estimates that the working capital available to the Company at the end of the period, combine with the \$2,082,500 flow-through financing closed in July 2016 will provide the Company with adequate funding in order to cover its 2016-2017 fiscal year budget for general administrative expenses, to meet its short-term obligations, and to complete its planned 2016 and 2017 calendar year exploration budget. However, since the Company does not generate revenues, the Company will need to periodically obtain new funds to pursue its operations and meet its obligation related to the acquisition of the Beacon Mill and the design and building of a power line for the Croinor property. 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 June 30, 2016, 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 \$4,006,691 in cash and cash equivalents not reserved for exploration or for the design and to build of the power line on Croinor property (\$729,667 as at June 30, 2015). The total working capital (excluding funds reserved for exploration, the design and the building of the power line on Croinor property and current payment for asset retirement obligations) of \$3,745,912 will be used to meet its financial liabilities and future financial liabilities from its commitments mainly related to the acquisition of the Beacon Mill and the development of the Croinor property. The Company had \$56,046 (\$648,981 as at June 30, 2015) of funds reserved for exploration and \$643,740 for the design and to build the power line at Croinor property as at June 30, 2016

These consolidated 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 Corporation to continue as a going concern. These consolidated financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

Highlights for the three-month and year ended June 30, 2016 and up to the date of this report, scope of activities and next steps

The principal business objectives that the Corporation expects to accomplish in the near term are i) perform its exploration program; and ii) to update, during the course of the fiscal year 2017, the NI-43-101 compliant prefeasibility study prepared by InnovExplo, which was originally filed on October 17, 2014, with an effective date of October 7, 2014 concerning the Croinor Gold property.

On July 5, 2016, the Corporation signed a letter of intent to acquire the Beacon property from 9965-9911 Québec Inc. which was amended on September 28, 2016. 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 Corporation originally had until October 15, 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 \$4,900,000 and 2,558,900 common shares, as follows: i) \$1,000,000 cash and 2,558,900 common shares on closing of the transaction; and ii) \$650,000 payable in cash at the 30th, 36th, 42nd, 48th, 54th and 60th month following closing of the transaction. Both parties are finalizing the terms of the transaction and have agreed to postpone the closing date. The agreement was subject to: i) regulatory and Ministerial approvals; ii) payment by the Purchaser of the amount earmarked for the Beacon property rehabilitation plan to the Ministère de l'Énergie et des Ressources naturelles amounting to \$452,690 prior to May 27, 2017; and iii) negotiation of final terms and signature of the formal deeds of sale and hypothec. The Corporation previously signed a letter of intent in November 2015 but the offer expired in April 2016.

Highlights for the three-month and year ended June 30, 2016 and up to the date of this report, scope of activities and next steps (continued)

In July 2016, the Corporation closed a brokered private placement of an aggregate of 4,083,333 flow-through units at a price of \$0.51 per unit for a gross proceed of \$2,082,500.

Between July 1, 2016 and up to October 24, 2016, 300,000 options were exercised at an exercise price between \$0.125 and \$0.15 and 3,345,274 warrants were exercised at an exercised price between \$0.10 and \$0.18. Following these exercises, the Corporation received an aggregate amount of \$606,987 and issued a total of 3,645,274 common shares of the Corporation.

During the year ended June 30, 2016, 6,703,049 warrants and options were exercised for a gross proceed of \$1,012,951.

On May 26, 2016, the Corporation closed a brokered private placement of an aggregate of 17,142,860 units at a price of \$0.175 per unit for a gross proceed of \$3,000,001.

In May 2016, Ministère de l'énergie et des ressources naturelles allocated a grant to the Corporation in the amount of \$2,737,500 for the design and building of the power line of the Croinor property.

On January 26, 2016, the Corporation intersected 10.49 metres at 4.46 g/t near surface less than 500 metres from the Croinor gold deposit. The program was designed to follow up on the new gold result (236.47 g/t over 1.0 m) obtained in Hole CR-15-463 during the Phase III of the 2015 drilling program (see press release dated 28 October 2016). In December 2015, three holes were drilled with the goal of better understanding the area and replicating the results of the previous phase. The holes were drilled in a fan arrangement around Hole CR-15-463, with Hole CR-15-469 drilled parallel to Hole CR-15-463 but 17 metres to the northeast, Hole CR-15-470 positioned to intercept the gold structure below Hole CR-15-463 and Hole CR-15-471 drilled to the west. Visible gold was seen in two of the three holes in a quartz-carbonate-tourmaline vein system that was similar in every respect to the system intercepted previously. Hole CR-15-469 returned a gold grade of 4.46 g/t over 10.49 m, including a sample of 33.28 g/t over 1.0 m. Hole CR-15-470 also returned a sample that contained visible gold but only assayed 0.14 g/t over 1.0 m; that result is currently being checked. Hole CR-15-471 intersected a less well-developed fracture system with a few quartz veins.

On December 18, 2015, the Corporation closed a brokered private placement for an aggregate gross proceeds of \$275,000. Pursuant to this placement, the Corporation issued a total of 500 of "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 Corporation issued as flow-through shares at a price of \$0.11 per flow-through share, 1,375 common shares in the capital of the Corporation at a price of \$0.08 per common share and 2,688 common share purchase warrants of the Corporation. 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.

On November 24, 2015, the Corporation reported an increase of 19% in the measured and indicated resources at the Croinor Gold project, based on Phases I and II of its 2015 drilling program. (See full press release dated November 24, 2015 for more details). **The main highlights are:**

- The new mineral resource estimate (cut-off grade of 4 g/t) has increased the measured and indicated (M&I) resource by 37,300 ounces, or 18.8%
- The new estimate is based on the results from Phases I and II of the 2015 drilling program and from the geological reinterpretation of the zones in the lower part of the deposit
- At cut-off grades of 4 g/t and 5 g/t, M&I resource grades are 9.12 g/t and 10.75 g/t, respectively
- The current resource covers a 1,570-metre strike length on the Croinor property, to a depth of 545 metres

The measured and indicated resource (at a cut-off grade of 4 g/t Au) has increased from 680,100 tonnes at 9.08 g/t Au, or 198,700 ounces, as estimated in October 2014, to a total of 804,600 tonnes at 9.12 g/t Au, or 236,000 ounces, for an 18.8% increase in available ounces of gold in 2015. The new estimate is based on additional holes that included six holes drilled in 2011 (CR-11-414 to CR-11-419) (1,824 metres) that were not part of the previous estimate (2014) and 36 holes drilled in 2015 (12,546 metres).

Mineral resource estimate (including mineral reserves) (November 24, 2015)

Cut off grade (g/t)	Mineral resources estimation											
	Measured			Indicated			Total measured + indicated			Inferred		
	Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
>5 g/t	59 000	9,86	18 700	538 000	10,85	187 600	597 000	10,75	206 300	101 400	9,22	30 100
>4 g/t	80 100	8,44	21 700	724 500	9,20	214 300	804 600	9,12	236 000	160 800	7,42	38 400
>3 g/t	111 900	7,02	25 300	997 500	7,64	244 900	1 109 400	7,57	270 200	263 800	5,86	49 700

The prefeasibility study dated 7 October 2014, which was based on the mineral resource estimate dated August 8, 2014, has not been updated on the basis of the new mineral resource estimate. It nevertheless remains valid and will be part of the forthcoming NI 43-101 Technical Report. The new resource estimate has no adverse effect on the mineral resource inventory used for the 2014 prefeasibility study. The prefeasibility study will be updated in 2016 to take into account the new mineral resource estimate.

On November 6, 2015, the Corporation 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 Corporation and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Corporation at a price of \$0.10 for a period of 24 months following the closing of the private placement.

The Phase III of the drilling program took place from mid-September 2015 up to mid-October with 13 holes drilled for a total of 3,485 metres of drilling. The Phase III tested some promising historical showings on the property located outside the mining lease that were identified by two geophysical surveys conducted earlier this year. Other holes have been drilled on targets identified following the compilation of the area around the "Bug Lake – Trench 2" showings. The main results for the 13 holes drilled during the Phase III are: **I)** Hole CR-15-463 which intersected a 6-metre zone (core length) near surface (at a vertical depth of approximately 13 metres) containing 40% slightly mineralized quartz-carbonate-tourmaline veins in an altered felsic intrusive (QFP). Several grains of visible gold were seen within the zone, which assayed an average of 236.47 g/t Au (227.9 g / t and 245.05 g/t) over a 1-metre (17 to 18 m) core length (CL). The sample was assayed twice using the gravity method. Farther down the same hole (at a vertical depth of approximately 35 metres), another intersection returned 4.56 g/t Au over a 1-metre CL (45 to 46 m) in a similar quartz zone. The true width cannot be determined from the available information. These intersections lie between the Bug Lake and Trench #2 showings, in an area where no other information is available within a radius of 60 metres or at depth. **II)** Hole CR-15-468 targeted at a depth of 30 metres below the continuity of a quartz zone intersected in the historic hole LB-07-05 (6.14 g/t Au over 6 metres CL) which was found in the 2007 drill campaign at a depth of approximately 88 metres below surface. The targeted zone was intersected as expected and returned 1.80 g/t Au over 4.23 metres CL. This zone is open at depth. **III)** Holes CR-15-456 to CR-15-462, CR-15-464 and CR-15-467 provided valuable information for the understanding of how the two showings (Bug Lake - Trench #2) are related, but did not yield significant results. **IV)** Holes CR-15-465 and CR-15-466 were planned to verify 2 geophysics targets. They intersected some weakly mineralized zones without significant results.

The Phase II of the 2015 drilling program started on May 11, 2015 and was completed on July 7, 2015 with 24 holes drilled for a total of 8,981 metres of drilling. The goal of this Phase II was to test the continuity of the deposit at depth and on the East and West extensions of the deposit based on previous results, test two targets identified by satellite interpretation 1.2 km west of the deposit, continue drilling in the area of the Phase I successes and finally, drill one hole at depth (480 vertical metres) to confirm the continuity of a vein intersected in 2011. Two (2) holes were drilled on targets identified with Japosat satellite interpretation. The full results for the 36 holes drilled during the Phase I (completed on March 17 with 12 holes for a total of 3,984 metres of drilling) and this Phase II can be found on the press release of the Corporation dated August 18, 2015.

On October 30, 2014, the Corporation filed on SEDAR an amended NI-43-101 compliant prefeasibility study prepared by InnovExplo, which was originally filed on October 17, 2014, with an effective date of October 7, 2014 concerning the Croinor Gold property. The following are the key points of the prefeasibility study.

Prefeasibility Study Highlights, Mineral Resources and Mineral Reserves

The Prefeasibility Study considers an underground mining operation with custom milling of the ore at a fully-permitted milling facility near Val-d'Or. The expected mine life is five years. The following table shows the highlights from the Prefeasibility Study report; all currency is in Canadian dollars unless otherwise indicated.

PREFEASIBILITY STUDY HIGHLIGHTS ⁽¹⁾

Parameters	Prefeasibility Study Results
Proven and probable mineral reserves	541,534 t at 6.77g/t ⁽²⁾
Mine life (including 18 months of preproduction)	5 years
Daily mine production	425 tpd rising to 675 tpd in Year 4
Recovery	97.5%
Annual gold production	21,259 to 40,540 oz
Gold recovered over the life of the mine.	114,916 oz
Average operating cost/tonne	\$180/tonne
Average operating cost/oz	US \$757/oz
Capital cost ⁽³⁾	\$42.3 million
Total all-in cost per ounce	US \$1,038/oz
Total gross revenue	\$175.1 million
Total operating cost	\$91.2 million
Total cost of the project	\$133.4 million
Operating cash flow (before taxes and royalties)	\$34.7 million
Estimated income taxes and mining duties	\$12.5 million
Net cash flow (after income taxes and royalties)	\$22.1 million
Pre-tax NPV (5% discount rate)	\$25.0 million
Pre-tax IRR	34 %
After-tax NPV (5% discount rate)	\$14.9 million
After-tax IRR	24%
Pay-back period	3.8 years
Preproduction period (including production of 35,980 t)	18 months

PREFEASIBILITY STUDY HIGHLIGHTS ⁽¹⁾ (CONTINUED)

(1)

Oct-14	Year 2	Year 3	Year 4	Year 5
US \$1,200	US \$1,260	US \$1,323	US \$1,389	US \$1,459
<i>Gold price indexed at 5% per year. Exchange rate (\$CA/US \$) = 1.12</i>				

(2) Volume and grade include mining dilution and recovery.

(3) Includes approximately \$14.96 million for working capital and sustaining capital

OUTLOOK

The Corporation intends to pursue project financing based on this new information. Subject to the success of such financing, the Corporation plans to proceed with mine dewatering and pre-production as outlined in the Prefeasibility Study.

The mineral resource estimate was realised by Karine Brousseau, Eng., under the supervision of Carl Pelletier, B.Sc., P.Geo. who are both consultants with Val-d'Or-based InnovExplo Inc. One of goals of InnovExplo's work was to prepare a 43-101 mineral resource estimate for the deposit.

At a 4 g/t Au cut-off grade, the deposit contains a measured resource of 80,000 tonnes grading 8.41 g/t Au for 22,000 ounces, an indicated resource of 600,000 tonnes at 9.18 g/t Au for 177,000 ounces, and an inferred resource of 160,000 tonnes at 8.56 g/t for 44,000 ounces.

The mineral resource estimate was prepared using a 3-D block model and inverse distance interpolation (ID6) for a 1,570-metre strike length corridor of the Croinor property, to a vertical depth of 545 metres below surface, on 54 mineralized zones.

InnovExplo compiled the drill data for the Croinor property. The assay results for holes drilled from surface in 2010 and 2011, up to Hole CR-11-413, were included in the mineral resource estimate. The current estimate includes 1,219 underground and surface diamond drill holes and covers an east-west distance of 1,530 m on the Croinor deposit.

The database contains a total of 27,655 assays from the 122,339 metres of core drilled in 1,219 holes, as well as 4,309 assays from 1,927 channel samples compiled by InnovExplo in 2005 (Pelletier, C. and Boudrias, G., 2005) that comprises samples from development headings driven between 1983 and 1986.

The following table shows the mineral resource estimate at cut-off grades ranging from 3 g/t Au to 5 g/t Au.

MINERAL RESOURCE ESTIMATE (including mineral reserves)

Mineral Resources Estimate												
Cut-off (g/t)	Measured			Indicated			Measured + Indicated			Inferred		
	Tonnes	Au g/t	Oz Au	Tonnes	Au g/t	Oz Au	Tonnes	Au g/t	Oz Au	Tonnes	Au g/t	Oz Au
> 5 g/t	59 400	9.81	18 700	447 300	10.78	155 000	506 700	10.66	173 700	102 400	10.90	35 900
> 4 g/t	80 500	8.41	21 800	599 600	9.18	176 900	680 100	9.08	198 700	160 100	8.56	44 100
> 3 g/t	112 400	7.00	25 300	848 300	7.51	204 700	960 700	7.45	230 000	227 800	7.03	51 500

MINERAL RESOURCE ESTIMATE (including mineral reserves) (continued)

- The Independent Qualified Persons for the Mineral Resource Estimate, as defined by Regulation 43-101, are Karine Brousseau, P.Eng., and Carl Pelletier, B.Sc., P.Geo. (InnovExplo Inc.); the effective date of the estimate is 8 August 2014. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.
- The Mineral Resource is presented inclusive of Mineral Reserves; in other words, the Mineral Reserves have not been subtracted from the Mineral Resource presented above.
- The results are presented undiluted and in situ; the estimate includes 54 gold-bearing zones.
- The Mineral Resource was compiled at cut-off grades of 3, 4 and 5 g/t Au.
- Cut-off grade must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A density of 2.8 g/cm³ was used for the mineralized zones and the waste rock.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High grade capping was applied on raw assay data, and was established at 70 g/t Au for the diamond drill core and 55 g/t Au for the underground channel samples.
- Compositing was done on drill hole sections and underground channel sections falling within the mineralized zones (composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3 software from drill holes and underground channel samples using an ID6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories are defined using the parameters for the various passes.
- Ounce (troy) = Metric Tonnes x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tonnes was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in Form 43-101F1.

Reserve Estimation

Mineral reserves were classified in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Mineral reserves for the project incorporate appropriate allowances for mining dilution and mining recovery for the selected mining method.

MSO (Mineable Shape Optimizer), a Datamine software application, was used to determine the resource to be converted to reserves. MSO software generates individual stope designs from the block model on the basis of specified stope parameters.

Longhole retreat and room-and-pillar appear to be the two mining methods best suited to the Croinor deposit. In order to select the most appropriate method, two MSO runs were done on the block model using the parameters shown below the two methods. Small blocks (5m x 2.5m x 2.5m) were generated to obtain suitable results adapted to the narrow vein nature of the deposit:

Longhole method:

- Cut-off grade: 3.7 g/t
- Minimum mining width: 1.8 m (stope height)
- Mining dilution: 0.4 m on the hangingwall and 0.2 m on the footwall
- Minimum stope footwall angle: 45 degrees
- Sublevel spacing: 13 m vertical
- Block length: 5 m (stope width)

Reserve Estimation (continued)

Room and pillar method:

- Cut-off grade: 5.4 g/t
- Minimum mining height: 1.8 m (stope height)
- Maximum mining height: 3 m (stope height)
- Maximum stope angle: 45 degrees
- Stope size: 5m x 5m

The estimated proven and probable reserves are shown in the table below; they total 117,870 ounces after applying the mining recovery and dilution factors for the selected method.

Diluted Mineral Reserve Estimate

Category	Tonnes	Grade g/t	Ounces
Proven	68,625	6.25	13,789
Probable	472,079	6.85	104,081
Total Reserves	541 534	6.77	117,870

Ore Recovery and Dilution

The recovery and dilution factors applied in the mine plan and reserve calculations were based on a rock mechanics study and factors commonly used for the selected method.

In the longhole method, small blocks generated by MSO were grouped to form larger stopes, and pillars were established based on the rock mechanics study. A 95% recovery factor was then applied to the remaining tonnage. A 0.6-metre thickness of dilution was initially applied in the MSO parameters, resulting in 24% overall stope dilution once the data was compiled. To remain conservative, a 6% dilution factor was added, for an overall dilution factor of 30% for the longhole stopes, resulting in an average mining width of 4.0 m, including 1.2 m of dilution. The dilution grade was set at 0.0 g/t Au.

The room-and-pillar stopes were evaluated on the basis of an 85% recovery factor. For smaller stopes considered stable in the geomechanical study, a 100% recovery factor was applied. A 5% dilution factor was used for the room-and-pillar stopes.

Cut-off Grade

For the present study, the same stopes created in the previous study were used (Poirier et al., 2012), but a new cut-off grade was calculated and some stopes were discarded because they were no longer profitable. Each stope that was close to the cut-off grade was evaluated individually to determine whether it would be included in the study or discarded. For the calculation of this cut-off grade, a metal price of \$1,300 at an exchange rate of 1.10 was used. The remaining parameters used in the cut-off grade estimation are presented in the following table.

Cut-off Grade Parameters

	Long-hole	Room and pillar
Operating Cost	\$182.75/t	\$232.33/t
Mint cost	\$5.00 /oz	\$ 5.00/oz
Mill recovery	97.5%	97.5%
Mining dilution	Included in MSO parameters	5.0%
Cut-off grade	4.1 g/t	5.5 g/t

Mining

The proposed mine plan for the Croinor project involves the underground mining of narrow subvertical veins. A large portion of the identified resource dips at less than 45 degrees, and is not well-suited to longhole mining, as the broken ore does not flow easily. It is no better suited to room-and-pillar mining, as the dip makes it difficult for workers to navigate the stopes with equipment and materials.

“The dip of the Croinor Gold mineralization has led the Corporation to work with Minrail and InnovExplo to test the use of Minrail’s S.A.M.S.™ technology,” noted Jean-Marc Lacoste. “Chapter 24, “Other Data and Relevant Information”, is devoted to this, and discusses the assumption of using this technology, the potential for improving various operating aspects, the health and safety aspect and the potential savings that could substantially improve the economics of the Croinor Gold project.”

The mine plan for the Croinor project is based on a combination of conventional and mechanized mining methods. The approach in the study was to force the application of the longhole method by ensuring a minimal footwall angle of 45 degrees through the addition of dilution. When this was not suitable, room-and-pillar mining was used. This stope analysis was possible through the use of MSO software, which optimizes stope design for specified mining parameters.

The ore will be hauled to surface using a combination of 3.5-yd and 6-yd scoop trams and a 30-tonne truck. Waste rock will either be brought to surface or used to fill the mined-out stopes when possible.

The deposit will be accessed via a ramp. The existing ramp will be repaired down to Level 125 and a new section will be excavated to access all the reserves. The production drifts will be accessed via crosscuts connecting to the ramp.

Existing Mine Infrastructure

The Croinor deposit is serviced by a ramp measuring 300 metres long by 4 metres high by 4.5 metres wide (4 metres x 4.5 metres) that extends to Level 125 (38 metres), and by a 195-metre deep three-compartment shaft. Mine development has been done on four levels: 496 metres on Level 125, 560 metres on Level 250, 233 metres on Level 375 and 730 metres on Level 500. Approximately 320 metres of raise development was also done. The Croinor mine is currently flooded to the portal entrance.

Production Schedule

InnovExplo developed a preliminary production and development schedule, taking into account the existing underground workings. Production will take place on an operating schedule of two 10-hour shifts, six days a week, for a total of 300 days per year. The underground mine design provides for a five-year mine plan that produces 541,534 tonnes of ore grading 6.77 g/tonne. At a 97.5% mill recovery, a total of 114,916 ounces of gold would be produced during this period.

The mining method will be 75% longhole and 25% room-and-pillar. The mine plan includes all the development required to access and mine the mineralized zones. The table below shows the production schedule over the life of the mine.

Prefeasibility Mine Life Production Schedule

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Longhole (t)		19,110	53,455	74,782	149,621	109,732	406,700
Grade (g/t)		6.05	7.70	5.14	6.26	5.53	6.04
Room & Pillar (t)			7,691	31,732	30,340	15,594	85,357
Grade (g/t)			8.41	14.34	9.40	7.78	10.85
Development (t)	4,914	7,623	6,552	18,040	12,348		49,477
Grade (g/t)	5.63	6.40	5.73	5.50	5.81		5.76
Total volume (t)	4,914	26,733	67,698	124,554	192,309	125,326	541,534
Grade (g/t)	5.63	6.15	7.59	7.53	6.72	5.81	6.77

Mineral Processing and Metallurgy

Ore from Croinor will be processed at a Val-d'Or area mill with excess capacity for the duration of the Croinor Gold operation. Contact has been made with potential custom milling partners and tentative commitments have been arranged for processing the ore. Ore previously mined from the Croinor open pit operation was processed at a local mill, and the 97.5% gold recovery used in the study was based on actual results achieved during these runs.

Infrastructure

A 25 KV transmission line will be extended from the nearby Chimo mine site to the Croinor Gold property to supply electrical power for the site. The existing roads to and on the site will be upgraded to support vehicle travel to and from the site, including the offsite transportation of ore for processing.

The mine will be dewatered and the existing 300-metre ramp and 2 kilometres of mine development will be upgraded and extended to meet the mine's requirements. The existing 200-metre deep shaft will be reconditioned and used as a ventilation raise and emergency escape way. Ore and waste will be hauled to surface via ramp. An existing building will be set up for use as a warehouse, and additional buildings will be erected to serve as a dry, offices, garages and a core shack.

Environmental Studies and Permitting

The Corporation has a Certificate of Authorization to operate the mine from the MDDEP, issued in September 2010. The other studies and permits required to operate a mine, relating to the environment, rehabilitation and the crown pillar, are also complete or in hand. Other miscellaneous accessory permits will be obtained once the project is underway, following financing.

Operating Costs

Operating costs are estimated at \$848 per ounce over the life of mine. The expected cost breakdown is shown in the following table:

Summary of Total Life-of-Mine Operating Costs

Description	Total costs	Unit cost	
Delineation drilling	1,850,313	\$3.66/t	\$17.20/oz
Drift development	11,891,108	\$23.52/t milled	\$110.51/oz
Mining	16,894,672	\$33.42/t milled	\$157.01/oz
Monarques' team (salaries)	10,821,595	\$21.41/t milled	\$100.57/oz
Contractors (indirect costs)	18,931,540	\$37.45/t milled	\$175.94/oz
Surface services	266,595	\$0.53/t	\$2.48/oz
Energy	4,456,328	\$8.81/t	\$41.42/oz
Milling and transportation	25,208,667	\$49.86/t milled	\$234.28/oz
Environment	903,731	\$1.79/t	\$8.40/oz
Total	91,224,549	\$180.45/t milled	\$847.81/oz

Capital Costs

Pre-production costs are estimated at \$27.36 million, including \$7.08 million in capitalized operating costs, net of revenue from production during the pre-production period. Sustaining capital is estimated at \$14.96 million, excluding \$0.7 million for final closure costs.

Breakdown of Capital Expenditures

Description	Preproduction (\$)	Sustaining (\$)	Total costs (\$)
Capitalized operating costs	17,223,056		17,223,056
Capitalized revenues	-10,143,025		-10,143,025
Royalty	500,000		500,000
Dewatering and reconditioning	1,192,469		1,192,469
Surface infrastructure	3,488,670	871,604	4,360,274
Electrical distribution	5,135,790	660,246	5,796,036
Mine infrastructure	810,787	157,514	968,301
Mobile equipment	3,618,041	5,032,494	8,650,535
Development	4,819,567	8,065,391	12,884,958
Environment	717,813	169,304	887,117
Total	27,363,167	14,956,553	42,319,720

Economic Analysis

An after-tax model was developed for the Croinor project. All costs are in 2014 Canadian dollars, with no allowance for inflation or escalation. The Croinor project is subject to the following taxes:

- Quebec mining duties
- Federal and provincial income tax

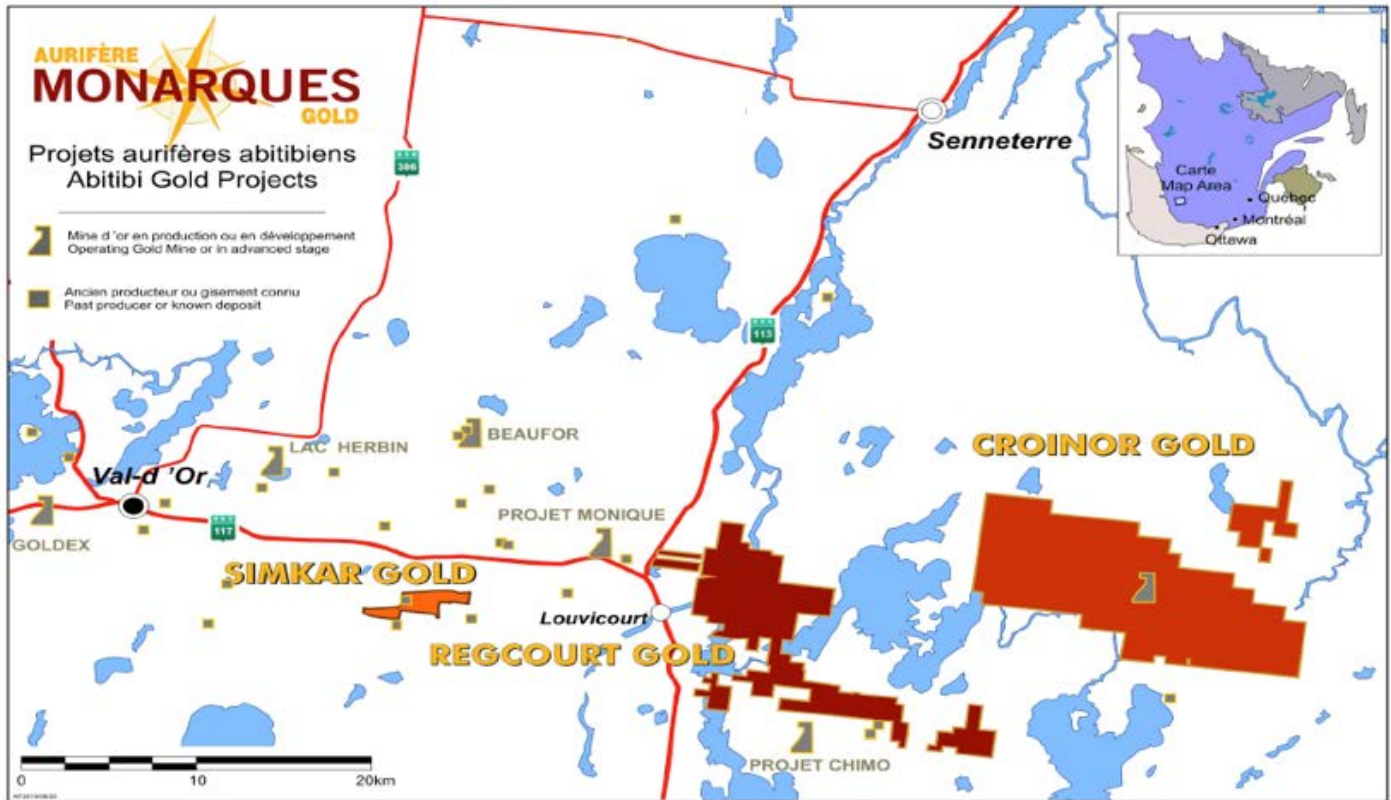
The economic analysis for the project was performed using the Internal Rate of Return (IRR) and Net Present Value (NPV) methods. The IRR on an investment is defined as the rate of interest earned on the unrecovered balance of an investment. The NPV method uses a specific discount rate to convert all cash flows for investments and revenues occurring throughout the planning horizon of a project to an equivalent single sum at the present time. The discount rate used in the analysis was 5%. According to the NPV method, a positive NPV represents a profitable investment where the initial investment is recovered, along with any financing interest.

Qualified Persons

The resources estimate was prepared under the supervision of Carl Pelletier, P.Geo, a consulting geologist with InnovExplo Inc. Mr. Pelletier is a qualified and independent person as defined in Regulation 43-101. He has reviewed and approved the technical contents of this press release pertaining to the resource estimate in the technical report he prepared and authored. The Prefeasibility Study was prepared under the supervision of Sylvie Poirier, P.Eng., a senior engineer with InnovExplo Inc. Ms. Poirier is a qualified and independent person as defined in Regulation 43-101. She has reviewed and approved the technical contents of this press release pertaining to the Prefeasibility Study she prepared and authored.

In May 2013, the Corporation started to acquire gold properties in the Val-d'Or area. At the date of this report and as shown in the following map, the Corporation owns, directly or indirectly, in the Val-d'Or area, 4 properties, totalling 394 claims, 2 mining concessions and 1 mining leases:

Properties	Claims	Area km ²	MRN Credits (\$)	NSR (%)	Properties before consolidation
Croinor gold 1 mining lease	282	121	7,114,351 \$	1,5% *	Croinor, Croinor-Pershing, Lac Tavernier, Bel-Rive
Simkar gold 2 mining concessions	15	5	586,447 \$	1,5%	Simkar, Tex-Sol
Regcourt gold	97	38	996,966 \$	1,5%-2,5% **	Regcourt, Plator I, Plator II, Plator III, Plator IV, Plator V
Total	394	164	8,697,764 \$		
* Royalty applicable on the mining lease and 45 claims only ** Rolyalty of 1.5 % on 69 claims (Regcourt) and a royalty of 2,5 % on 23 claims (Only claims of Plator I and II)					



Property	Details	Objective	Results
<p>Croinor Gold</p>	<p>The Croinor project and its surroundings covers a total area of about 121 km² and comprises 282 mineral claims and one mining lease, all wholly-owned by the Corporation.</p> <p>The Croinor Gold property is the result of a merger of the Croinor, Croinor-Pershing, Lac Tavernier and Bel-Rive properties. The transaction was made and publicly announced by press release on June 26, 2014.</p> <p>Diamond drilling (36 holes) for a total of 12,965 metres were drilled during the phase 1 and phase 2 of the 2015 drilling program, which started in May 2015 and was completed in July 2015.</p> <p>Diamond drilling phase III program for a total of 3,485 metres, started mid-September 2015 and ended mid-October 2015.</p>	<p>Acquire a property with historical resources with production potential in a near future.</p> <p>Demonstrate the extension and continuity of the deposit along strike and at depth. Visible gold was present at a depth of 467 metres in the deposit.</p> <p>Test some of the targets identified during the phase 1 and phase 2 drilling programs.</p>	<p>Croinor becomes the flagship project of the Corporation.</p> <p>On section 0-East, a gold zone has been traced over a distance of more than 96 metres. The best results in 7 of the holes are; 16.01 g/t over 3.0 m; 15.12 g/t over 4.0 m; 9.31 g/t over 3.0 m; 7.09 g/t over 3.0 m; 6.73 g/t over 4.0 m; 5.83 g/t over 3.4 m and 4.64 g/t over 4.0 m. Also, historical hole CN-89-135 had results of 23.98 g/t over 2.76 m. See the August 18, 2015 press release for more details.</p>

Property	Details	Objective	Results
Simkar Gold	<p>In September 2013, the Corporation acquired an undivided 50% interest under the terms of a transactions with Eloro Resources Ltd (Eloro). In June 2014, the Corporation made an arrangement with Eloro to acquire the remaining interest in the property.</p> <p>The Corporation now holds 100 % of Simkar Gold property. The property is located 20 kilometres east of Val-d'Or, Quebec, in the heart of the Abitibi Greenstone Belt. It covers an area of about 5 km² and comprises two mining concessions and 15 mineral claims. A royalty of 1.5 % is applicable.</p> <p>The Simkar Gold property is the result of a merger of the Simkar and Tex-sol properties. The transaction was made and publicly announced by press release on June 26, 2014.</p>	<p>Identify new zones and potential on lateral extension and at depth.</p> <p>Additional geophysics is required to define future drilling campaign.</p>	<p>2013 drill campaign confirms presence of silver and potential to increase the actual resources.</p>
Regcourt Gold	<p>The Regcourt Gold property consists of 97 claims that cover an area of about 38 km² near the centre of the western border of Vauquelin Township. The property is located at the eastern end of the Val-d'Or gold mining camp, some 30 km east of Val-d'Or. 100 % owned by the Corporation, there's royalties of 1.5 % to 2.5% applicable the claims.</p> <p>The Regcourt Gold property is the result of a merger of the Regcourt, Plator I, Plator II, Plator III, Plator IV & Plator V. The transaction was made and publicly announced by press release on June 26, 2014.</p>	<p>Expand the portfolio of advanced exploration assets</p>	<p>Addition of the property to the portfolio of gold exploration assets.</p>

The foreseen main works on the properties are as follows:

MAIN WORKS PLANNED ON VAL-D'OR PROPERTIES	
Property	Work
Croinor Gold	Fieldwork, exploration drilling and definition drilling. Work on different solutions to increase the economics of the prefeasibility study.
Simkar Gold	Geophysics, geological surveys, prospecting and trenching.
Regcourt Gold	Data compilation and reporting.

Selected Financial Information

The following table summarizes the Corporation's selected key financial data taken from the audited consolidated statement of loss and comprehensive loss for the years ended June 30, 2016 and 2015 as well as the consolidated statement of financial position as at June 30, 2016, June 30, 2015 and June 30, 2014.

Consolidated Statements of Loss and Comprehensive Loss selected financial information			
	Years ended June 30		
Earnings, Loss and Comprehensive Loss	2016	2015	
Interest income	9,123	16,287	
Loss before income taxes	559,237	578,315	
Net loss	848,608	761,586	
Comprehensive loss	860,108	800,086	
Loss per share, basic and diluted	0.010	0.011	
Consolidated Statements of Financial Position selected financial information			
	As at		
	June 30, 2016 (\$)	June 30, 2015 (\$)	June 30, 2014 (\$)
Cash and cash equivalents ⁽¹⁾	4,706,477	1,378,648	1,245,702
Working capital ⁽²⁾	3,761,197	480,921	999,046
Total assets	11,241,107	7,193,798	5,232,586
Total liabilities	1,789,053	1,133,579	377,363
Shareholder's Equity	9,452,054	6,060,219	4,855,223

⁽¹⁾ Cash and cash equivalents includes \$56,046 (\$648,981 as at June 30, 2015 and \$114,095 as at June 30, 2014) of cash reserved for exploration expenses and \$643,740 cash reserved for design and building of the power line at Croinor property (nil in 2015 and 2014).

⁽²⁾ This is a non GAAP financial measure which does not have any standardized meaning prescribed by the Corporation's GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. This financial measure, which represents the actual working capital available to the Corporation for general administrative purposes and other working capital, is defined as: the current assets excluding the cash reserved for exploration and design and building of power line, less the current liabilities excluding the liability related to flow-through shares and less current portion of the asset retirement obligations of \$104,038 payable within 12 months for the financial information related to the year ended June 30, 2016.

Consolidated statement of financial position as at June 30, 2016

As at June 30, 2016, the total assets of the Corporation totalled \$11,241,107, representing a net increase of \$4,047,309. The increase in the total assets during the year ended June 30, 2016 is mostly related to the following elements: i) the issuance of shares for a net cash flow increase of \$4,255,483; and ii) the cash inflow from the governmental grant of \$684,375. On the other hand, the cash flow used for the operating activities during the year ended June 30, 2016 contributed in the decrease of the total assets for a total of \$892,549.

Management estimates that the working capital available to the Company at the end of the period, combined with the \$2,082,500 flow-through financing closed in July 2016 will provide the Company with adequate funding in order to cover its 2016-2017 fiscal year budget for general administrative expenses, to meet its short-term obligations, and to complete its planned 2016 and 2017 calendar year exploration budget. However, since the Company does not generate revenues, the Company will need to periodically obtain new funds to pursue its operations and meet its obligation related to the acquisition of the Beacon Mill and the design and building of a power line for the Croinor property. Despite its ability to obtain funds in the past, there is no guarantee that it will be able to raise financing in the future

Operating results for the fourth quarter ended June 30, 2016

Consolidated statements of loss and comprehensive loss selected financial information		
	Fourth quarters	
	2016	2015
	\$	\$
Interest Income	2,701	4,347
Loss before income taxes	171,736	226,309
Net loss and comprehensive loss	350,425	211,324
Loss per share, basic and diluted	0.004	0.003

Management discussion and analysis

October 24, 2016

Consolidated Statements of Loss and Comprehensive Loss

Three-month periods ended June 30, 2016 and 2015

	NOTE	2016	2015
		\$	\$
Expenses:			
Compensation		68,367	85,224
Share-based payments		-	55,658
Rent, office and other expenses		18,500	11,236
Registration, listing fees and shareholders' information		-	1,706
Promotion and advertising		16,817	17,416
Representation, missions and trade shows		10,718	8,391
Consultant fees		27,665	21,089
Professional fees		52,341	29,009
Total expenses		194,408	229,729
Net finance (income) expense:			
Finance income		(2,701)	(4,347)
Finance expense		1,083	927
		(1,618)	(3,420)
Operating loss		192,790	226,309
Other items:			
Other income related to flow-through shares		(26,956)	(121,668)
Others revenue		-	(2,047)
Realised gain on disposal of marketable securities		-	(8,534)
Change in fair value of available-for-sale marketable securities		-	-
Impairment of exploration and evaluation assets		2,449	-
Impairment of mining properties		3,453	-
		(21,054)	(132,249)
Loss before income taxes		171,736	94,060
Income tax expense		(20,199)	(7,500)
Deferred income and mining taxes		198,888	111,324
Net loss for the period		350,425	197,884
Items that are or may be reclassified to net income or loss:			
Change in fair value of available-for-sale marketable securities		-	56,127
Available-for-sale marketable securities – reclassified to statement of loss		-	(42,687)
Comprehensive loss for the period		350,425	211,324
Basic and diluted loss per share		0.004	0.003
Weighted average number of shares outstanding		92,446,672	82,377,260

The results for the three-month period ended June 30, 2016 show an operating loss of \$192,790 (\$226,309 for the same period in the previous year). Aside from interest revenues of \$2,701 (\$4,347 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous statement of loss and comprehensive loss, the main variations between the current three-month period and the previous year comparative figures are: i) Compensation decreased by \$16,857 mainly due to a reorganisation in the management personnel; ii) Share-based payments, a non-cash item, decreased by \$55,658 due to the fact that no share purchase options were issued during the fourth quarter of 2016; and iii) Professional fees increased by \$23,332 mainly due to more legal fees expense towards corporate affairs.

Financing activities for the three-month period ended June 30, 2016

During the quarter, the Corporation closed a brokered private placement of an aggregate of 17,142,860 units at a price of \$0.175 per unit for a gross proceed of \$3,000,001. Each unit is comprised of: (i) one common share in the capital of the Corporation; and (ii) one half common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Corporation at a price of \$0.25 for a period of 36 months following the closing of the private placement.

The Corporation has an agreement with Ministère de l'Énergie et des Ressources Naturelles ("MERN") whereby the latter funds a portion of the cost, based on expenditures incurred by the Corporation. In January 2016, MERN allocated a grant to the Corporation in the amount of \$2,737,500 representing 75% of the total budget for the design and building of the power line of the Croinor property within 36 months. The grant is payable in fourth equal payment of \$684,375. The first portion of the grant was disbursed in May 2016 after the reception of the first purchase orders.

Investing activities for the three-month period ended June 30, 2016

During the fourth quarter, the cash flow used by the investing activities totalling \$87,936 for exploration and evaluation assets.

Management discussion and analysis

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The details for the total exploration and evaluation expenses done during the three-month period ended on June 30, 2016 on each property are presented in the following table:

Properties	Balance as at March 31, 2016 (\$)	Salaries and Consultants (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase for the period (\$)	Tax credits for resources	Impairment	Balance as at June 30, 2016 (\$)
Belcourt Gold	2,449	-	-	-	-	-	-	-	(2,449)	-
Croinor Gold	1,901,519	25,391	-	11,724	43,378	3,609	84,102	4,620	-	1,990,241
Regcourt Gold	41,512	-	-	-	-	-	-	-	-	41,512
Simkar Gold	1,079,875	-	3,835	-	-	-	3,835	-	-	1,083,710
TOTAL	3,025,355	25,391	3,835	11,724	43,378	3,608	87,936	4,620	(2,449)	3,115,463

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Management discussion and analysis

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The details for the total exploration and evaluation expenses done during the three-month period ended on June 30, 2015 on each property are presented in the following table:

Properties	Balance as at March 31, 2015 (\$)	Salaries and Consultants (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase for the period (\$)	Tax credits for resources	Balance as at June 30, 2015 (\$)
Belcourt Gold	2,449	-	-	-	-	-	-	-	2,449
Croinor Gold	603,565	75,673	164,198	18,363	363,433	12,230	633,896	(15,200)	1,222,262
Regcourt Gold	41,512	-	-	-	-	-	-	-	41,512
Simkar Gold	1,023,333	15,000	-	-	-	-	15,000	-	1,038,333
TOTAL	1,670,859	90,673	164,198	18,363	363,433	12,230	648,896	(15,200)	2,304,556

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Management discussion and analysis

October 24, 2016

Consolidated Statements of Loss and Comprehensive Loss

Years ended June 30, 2016 and 2015

	2016 \$	2015 \$
Expenses:		
Compensation	285,497	450,737
Share-based payments	51,514	87,477
Rent, office and other expenses	55,278	42,507
Registration, listing fees and shareholders' information	43,625	52,751
Promotion and advertising	49,581	40,376
Representation, missions and trade shows	39,420	26,658
Consultant fees	98,886	61,222
Professional fees	118,407	108,817
Total expenses	742,208	870,545
Net finance (income) expense:		
Finance income	(9,123)	(16,287)
Finance expense	3,978	3,956
	(5,145)	(12,331)
Operating loss	737,063	858,214
Other items:		
Other income related to flow-through shares	(166,400)	(222,701)
Other revenue	(8,813)	(14,511)
Change in fair value of available-for-sale marketable securities	(8,515)	(42,687)
Impairment of exploration and evaluation assets	2,449	-
Impairment of mining properties	3,453	-
	(177,826)	(279,899)
Loss before income taxes	559,237	578,315
Current income tax recovery	(20,199)	(7,500)
Deferred income and mining taxes	309,570	190,771
	289,371	183,271
Net loss for the year	848,608	761,586
Items that are or may be reclassified to net income or loss:		
Available-for-sale marketable securities - Change in fair value	11,500	81,187
Available-for-sale marketable securities – reclassified to statement of loss	-	(42,687)
Comprehensive loss for the year	860,108	800,086
Basic and diluted loss per share	0.010	0.011
Weighted average number of shares outstanding	89,825,258	73,308,473

The results for the year ended June 30, 2016 show an operating loss of \$737,063 (\$858,214 for the same period in the previous year). Aside from interest revenues of \$9,123 (\$16,287 for the same period in the previous year), the Corporation has no revenues from operations.

As seen in the previous statement of loss and comprehensive loss, the main variations between the current year and the previous year comparative figures are: i) Compensation decreased by \$165,240 mainly due to a reorganisation in the management personnel; ii) Share-based payments, a non-cash item, decreased by \$35,963 due to the fact that less share purchase options were issued this year; and iii) Consultant fees increased by \$37,664 mainly due to reorganisation in the management personnel.

Financing activities for the year ended June 30, 2016

On November 6, 2015, the Corporation 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 Corporation and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Corporation at a price of \$0.10 for a period of 24 months following the closing of the private placement.

On December 18, 2015, the Corporation closed a brokered private placement for an aggregate gross proceeds of \$275,000. Pursuant to this placement, the Corporation 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 Corporation issued as flow-through shares at a price of \$0.11 per flow-through share, 1,375 common shares in the capital of the Corporation at a price of \$0.08 per common share and 2,688 common share purchase warrants of the Corporation. 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.

On May 26, 2016, the Corporation closed a brokered private placement of an aggregate of 17,142,860 units at a price of \$0.175 per unit for a gross proceed of \$3,000,001. Each unit is comprised of one common share in the capital of the Corporation and one half share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Corporation at a price of \$0.25 for a period of 36 months following the closing of the private placement.

The Corporation has an agreement with Ministère de l’Énergie et des Ressources Naturelles (“MERN”) whereby the latter funds a portion of the cost, based on expenditures incurred by the Corporation. On January 2016, MERN allocated a grant to the Corporation in the amount of \$2,737,500 representing 75% of the total budget for the design and building of the power line of the Croinor property within 36 months.

The grant is payable in fourth equal payment of \$684,375. The first portion of the grant was disbursed in May 2016 after the reception of the first purchase orders.

Investing activities for the year ended June 30, 2016

During the year, the cash flow used by the investing activities totalling \$1,132,784 was for exploration and evaluation assets (a total of \$983,453, net of the variation during the period in the accounts payables and accrued liabilities related to such amounting to \$190,518). An amount of \$104,039 was transferred in a trust account related to the asset retirement obligations for the Croinor mining site. Finally, the Corporation begin the design and construction of a power line at Croinor and disbursed \$54,180.

The details for the total exploration and evaluation expenses done during the year ended on June 30, 2016 on each property are presented in the following table:

Properties	Balance as at June 30, 2015 (\$)	Salaries and Consultants (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase for the period (\$)	Tax credits for resources	Impairment	Balance as at June 30, 2016 (\$)
Belcourt Gold	2,449	-	-	-	-	-	-	-	(2,449)	-
Croinor Gold	1,222,262	149,303	257,043	45,744	295,012	16,257	763,359	4,620	-	1,990,241
Regcourt Gold	41,512	-	-	-	-	-	-	-	-	41,512
Simkar Gold	1,038,333	-	49,576	-	-	-	49,576	(4,199)	-	1,083,710
TOTAL	2,304,556	149,303	306,619	45,744	295,012	16,257	812,935	421	(2,449)	3,115,463

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The details for the total exploration and evaluation expenses done during the year ended on June 30, 2015 on each property are presented in the following table:

Properties	Balance as at June 30, 2014 (\$)	Salaries and Consultants (\$)	Geology and geophysics (\$)	Test, sampling and prospecting (\$)	Drilling, equipment rental and other material (\$)	Lodging, meals and travel expenses (\$)	Increase (Decrease) for the period (\$)	Tax credits for resources	Balance as at June 30, 2015 (\$)
Belcourt Gold	2,449	-	-	-	-	-	-	-	2,449
Croinor Gold	12,071	246,651	394,690	32,302	564,945	34,249	1,272,837	(62,646)	1,222,262
Regcourt Gold	34,885	-	6,627	-	-	-	6,627	-	41,512
Simkar Gold	1,015,027	15,000	8,306	-	-	-	23,306	-	1,038,333
TOTAL	1,064,432	261,651	409,623	32,302	564,945	34,249	1,302,770	(62,646)	2,304,556

Selected quarterly data:

Operating results for each of the last 8 quarters are presented in the table below. 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, 2016.

Operating results as at:	Finance income (\$)	Loss before income taxes (\$)	Comprehensive loss (\$)	Loss per share – basic and diluted (\$)
June 30, 2016	2,701	171,736	350,425	0.004
March 31, 2016	2,746	204,151	210,512	0.002
December 31, 2015	16	129,917	175,282	0.002
September 30, 2015	3,660	53,433	123,889	0.001
June 30, 2015	4,347	226,309	211,324	0.003
March 31, 2015	5,293	134,826	173,302	0.002
December 31, 2014	3,595	197,079	212,438	0.003
September 30, 2014	3,052	169,450	203,022	0.003

Common shares:

Outstanding shares information as at:	Common shares outstanding	Number of weighted average Common shares outstanding
As at the date of this report	123,317,681	97,049,340
June 30, 2016	114,280,174	92,446,672
March 31, 2016	90,434,265	86,945,401
December 31, 2015	90,434,265	86,568,067
September 30, 2015	83,871,765	83,871,765
June 30, 2015	83,871,765	83,871,765
March 31, 2015	79,871,765	79,871,765
December 31, 2014	79,871,765	66,640,918
September 30, 2014	64,585,204	64,585,204
June 30, 2014	64,585,204	58,619,982

Share purchase options:

Outstanding share purchase options as at:	Options issued	Options exercisable	Average exercise strike price (\$)
As at the date of this report	5,450,000	5,450,000	0.21
June 30, 2016	5,750,000	5,750,000	0.19
March 31, 2016	5,925,000	5,925,000	0.19
December 31, 2015	5,200,000	5,125,000	0.21
September 30, 2015	5,050,000	4,975,000	0.21
June 30, 2015	5,095,000	4,982,500	0.22
March 31, 2015	4,145,000	4,032,500	0.23
December 31, 2014	3,670,000	3,595,000	0.25
September 30, 2014	3,670,000	3,582,500	0.25

As at June 30, 2016, the Corporation had 5,750,000 outstanding options to purchase common shares. These options allow their holder to subscribe to common shares at a price varying between \$0.08 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. During the year ended June 30, 2016, 345,000 options expired, 175,000 options were exercised and 1,175,000 options were granted with an exercise price varying between \$0.08 and \$0.10 and having an expiry date of 60 months from the issue date.

Between July 1, 2016 and the date of this report, 45,000 options expired.

Warrants granted to others than the brokers:

Outstanding warrants to shareholders as at:	Warrants issued to shareholders	Warrants exercisable	Average strike price (\$)
As at the date of this report	25,431,505	25,431,505	0.28
June 30, 2016	24,562,565	24,562,565	0.18
March 31, 2016	22,348,558	22,348,558	0.15
December 31, 2015	24,166,739	24,166,739	0.15
September 30, 2015	28,959,139	28,959,139	0.21
June 30, 2015	28,959,139	28,959,139	0.21
March 31, 2015	24,959,139	24,959,139	0.22
December 31, 2014	24,959,139	24,959,139	0.22
September 30, 2014	15,511,396	15,511,396	0.25

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	746,569	746,569	0.13
June 30, 2016	877,450	877,450	0.13
March 31, 2016	1,048,076	1,048,076	0.13
December 31, 2015	1,048,076	1,048,076	0.13
September 30, 2015	1,696,585	1,696,585	0.17
June 30, 2015	1,696,585	1,696,585	0.17
March 31, 2015	1,696,585	1,696,585	0.17
December 31, 2014	1,696,585	1,696,585	0.17
September 30, 2014	779,390	779,390	0.21

Related Party Transactions and Commercial Objectives

During the three-month and year ended June 30, 2016, the Corporation incurred expenses for services rendered by executive officers of the Corporation. These services were rendered in the normal course of operations and are measured at the exchange amount, which is the amount agreed between the parties.

Three-month periods ended June 30		
	2016 (\$)	2015 (\$)
Compensation paid to key management personnel	45,855	69,524
Share-based payments towards key management personnel	-	22,930
Fees and expenses paid to the external directors	4,975	6,528
Share-based payments towards the directors	-	30,239

Related Party Transactions and Commercial Objectives (continued)

Years ended June 30		
	2016 (\$)	2015 (\$)
Compensation paid to key management personnel	212,128	352,857
Share-based payments towards key management personnel	12,746	49,544
Fees and expenses paid to the external directors	31,245	65,451
Share-based payments towards the directors	38,768	30,239

Inter-company transactions carried out during the year ended June 30, 2016, between the Company and Nemaska Lithium Inc. ("Nemaska") (entity having significant influence over the Company until June 2016) totalled an amount of \$37,500 (\$81,500 in 2015) 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 June 30, 2016 and as at June 30, 2015.

In June 2016, it was determined that Nemaska no longer exercised significant influence over the Company. Therefore, Nemaska is no longer considered a related party since that time.

Off Balance sheet agreements

The Corporation has not concluded any off balance sheet agreements.

Obligations and contractual commitments

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

(A) REGCOURT GOLD

The Corporation 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 Corporation has agreed to pay Eoro 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 Eoro Resources Inc. \$1,000,000 in cash.

(B) SIMKAR GOLD

The Corporation has agreed to pay Eoro 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.

Obligations and contractual commitments (continued)

The Corporation had the following commitments as at the date of this report (continued):

(C) BELCOURT GOLD

The Corporation 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.

(D) CROINOR GOLD

The Corporation 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 Corporation was 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 Corporation 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 Corporation 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 Corporation has incurred a cumulative amount of \$163,954 of eligible expenses as at June 30, 2016 and has \$56,046 of funds reserved for exploration.

(F) LEASE

The Corporation rents office space for a monthly amount of \$938 until May 31, 2017. The Corporation is also renting storage space for an annual amount of \$3,694. As at June 30, 2016, the total contractual payments remaining until May 31, 2017, assuming the lease will not be terminated before the end of the term, will amount to \$10,318.

(G) GRANT

The Corporation is also committed to incur expenses related to design and building of the power line of the Croinor property pursuant to the governmental grant agreement.

(H) ASSET RETIREMENT OBLIGATION

The Corporation has recorded an asset retirement obligations for costs associated with mine reclamation and closure activities at the Croinor property, which reflects the present value of the estimated amount of cash flows required to satisfy the asset retirement obligation. The primary component of this obligation is for the revegetation of the site including waste piles and overburden, infilled area, and polishing pond. Following the restoration plan submitted in 2014 by the Corporation to the MRNF, the MRNF advised the Corporation on January 23, 2015 that to cover the asset retirement obligation of \$416,155 a financial guarantee for the full amount would be required.

As at June 30, 2016, the Corporation has invested \$312,117 (\$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. The remaining amount of \$104,038 will need to be deposited in a trust account on January 23, 2017.

Obligations and contractual commitments (continued)

The Corporation had the following commitments as at the date of this report (continued):

(H) ASSET RETIREMENT OBLIGATION (CONTINUED)

As at June 30, 2016, the Corporation has invested \$312,117 (\$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. The remaining amount of \$104,038 will need to be deposited in a trust account on January 23, 2017

In the event the Corporation has no intention of operating the mine, it will be required to restore the mining site. However, in the case that the Corporation goes into production on the Croinor property, it will be required to provide an updated closure plan to the MRNF in order to re-assess the asset retirement obligation related to the operation on the site.

Additional information required from junior issuers with no significant income

The Corporation reports the information on its exploration and evaluation assets in note 7 of its consolidated financial statements for the year ended June 30, 2016.

The Corporation has no research and development expenses.

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

The office and general administrative expenses for the three-month and year ended June 30, 2016 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 June 30		
	2016	2015
	(\$)	(\$)
Office supplies and mailing	1,116	2,440
Insurances, taxes and permits	8,172	5,364
Office expenses and equipment	990	1,659
Telecommunications	467	692
Training, HR activities and other adjustments	7,755	1,081
Total	18,500	11,236

Rent, office and other expenses for the years ended June 30		
	2016	2015
	(\$)	(\$)
Office supplies and mailing	11,937	8,138
Insurances, taxes and permits	30,985	26,331
Office expenses and equipment	2,478	3,452
Telecommunications	2,123	3,392
Training, HR activities and other adjustments	7,755	1,194
Total	55,278	42,507

Financing sources

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

Date	Type	Financings	Amount (\$)	Use of proceeds
May 26, 2016	Brokered private placement	Common shares	3,000,001	Purpose: General administrative expenses and working capital. Use of funds: The fund have not yet been used.
December 18, 2015	Brokered private placement	Common shares	55,000	Purpose: General administrative expenses and working capital. Use of funds: Between December 18, 2015 and the date of this report, an amount of \$53,060 was used for to pay share issuance costs related to this financing, while the remaining funds have been used for administrative purposes.
		Flow-through shares	220,000	Purpose: Exploration work on the properties owned by the Corporation. Use of funds: Between December 18, 2015 and June 30, 2016, a total of \$163,954 was used for exploration work on the Corporation properties. As at June 30, 2016, there is a balance of \$56,046 to be used by the Corporation for exploration related to this financing. This is in line with the expected use of funds.
November 6, 2015	Non-brokered private placement	Common shares	310,000	Purpose: General administrative expenses and mining properties acquisition and investments. Use of funds: As at the date of this report, the Corporation has partially used these funds for general administrative expenses and mining properties acquisition and investments.
December 15 and 23, 2014	Prospectus Brokered placement	Common shares	618,560	Purpose: General administrative expenses and working capital. Use of funds: Between December 15, 2014 and the date of this report, an amount of \$419,295 was used for to pay share issuance costs related to this financing, while the remaining funds have been used by the Corporation as expected.
		Flow-through shares	1,684,600	Purpose: Exploration work on the properties owned by the Corporation. Use of funds: Between December 15, 2014 and December 31, 2015, a total of \$1,684,600 was used for exploration work on the Corporation properties.

Significant accounting policies

There is a full disclosure and description of the Corporation's significant accounting policies and changes in accounting policies in notes 3 and 4 of the audited consolidated financial statements for the year ended June 30, 2016.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

There is a full disclosure and description of the Corporation's financial instruments and financial risks management and capital management in note 20 and 21 of the audited consolidated financial statements for the year ended June 30, 2016.

Properties titles

According to the mining law and regulations of the Province of Quebec, to renew its claims, the Corporation must incur a minimum of exploration expenditures and must pay the Québec government, a rent per claim, for every 2 years renewal period. Between the date of this MD&A and June 30, 2017, 31 claims, 1 mining lease and 2 mining concessions will need to be renewed and will require exploration expenditures amounting to \$7,892 and mining rights will have to be paid in the amount of \$5,555.

Additional financing

In the future, additional funds will be required to finance the exploration or development work on the Corporation's properties, to pay for the renewal of the claims forming the properties and to cover the costs of managing the Corporation. The main sources of funds available to the Corporation 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 Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation.

Conditions of the industry in general

The exploration and development of mineral resources involves significant risks that even a due diligence evaluation, combined with experience and know-how could not 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 Corporation will generate a profitable mine.

Economic viability of a mineral deposit depends on many factors, of which some are due to the specific characteristics of the deposit, in particular its size, its grade 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 mineral deposit does not provide an adequate return of the funds invested.

The mining activities comprise a high level of risks. The activities of the Corporation 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 Corporation 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 Corporation 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 Corporation.

Conflicts of Interest

Some of the directors and officers of the Corporation 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 Corporation will be in conformity with their duties and obligations to compromise in an equitable way and in good faith with the Corporation 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 Corporation require obtaining and maintaining permits and licences from various governmental authorities. The Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation is dependent towards certain persons of its management. The loss of their services could have an unfavourable impact on the Corporation.

Territorial claims

The properties in which the Corporation holds an interest are not currently subject to territorial claims on behalf of first nations. No assurance 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, the financial results of the Corporation, its exploration and development activities; could all be negatively impacted by the fall of the prices of metals, resulting in an impact on the capacity of the Corporation to finance its activities. The prices of metals fluctuate in an important way and are tributary to various factors which are independent of the control of the Corporation, 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 policies of countries of the world which are large metal producers. The prices of metals fluctuated hugely these last years and any serious downward correction could prevent the continuation of the development activities of the properties of the Corporation.

Tax risks

The Corporation is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Corporation will qualify as Canadian exploration expenses, even if the Corporation has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors or the Corporation. In such an event, the Corporation will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Corporation's failure to renounce the qualifying expenditures as agreed.

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 Corporation, including the technical reports mentioned herein and the Corporation's Proxy Circular can be found on the website www.sedar.com and on our website at www.monarquesgold.com.

MONARQUES GOLD CORPORATION

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STOCK EXCHANGE

TSX Venture Exchange
Symbol: **MQR** for the shares,
MQR.WT.A for the warrants issued in December 2014 and expiring in December 2017

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Jean-Marc Lacoste
President and CEO

Alain Lévesque, CPA, CA
Chief Financial Officer

BOARD OF DIRECTORS

Michel Bouchard *, Chairman of the Board
Guy Bourassa, Director and Secretary
Michel Baril *, Eng., Director
Christian Pichette*, Director
Jean-Marc Lacoste, Director

* Member of the audit committee

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