



MANAGEMENT'S DISCUSSION AND ANALYSIS

232-DAY PERIOD
ENDED JUNE 30, 2021

MONARCH MINING CORPORATION

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Management's Discussion and Analysis

232-day period ended June 30, 2021

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The Management's Discussion and Analysis ("MD&A") of Monarch Mining Corporation ("Monarch" or the "Company") dated September 27, 2021, is intended to help readers become more familiar with the Company's business. In particular, it explains the change in the financial position and results for the 232-day period ended June 30, 2021. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, all comparative financial information presented in this MD&A reflects the consistent application of IFRS.

The audited consolidated financial statements and MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on September 27, 2021. Unless otherwise indicated, all amounts presented in this MD&A are expressed in Canadian dollars. Additional information about Monarch can be found at www.monarchmining.com and www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements which relate to future events or future performance and reflect management's expectations and assumptions regarding the Company growth, results, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to it. In some cases, forward-looking statements can be identified by words such as "may", "would", "could", "will", "should", "expect", "intend", "aim", "attempt", "anticipate", "believe", "study", "target", "estimate", "forecast", "predict", "outlook", "mission", "aspire", "plan", "schedule", "potential", "progress" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company's future results, the intended operation and performance of the Beaufor mine, the McKenzie property, the Croinor property, the Swanson property and the Beacon mill, the economic performance and product development efforts, as well as the Company's achievement of milestones, including the ability to obtain sufficient financing for the Beaufor mine project and the Beacon mill project, are or involve forward-looking statements.

Forward-looking information is based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to, the actual results of current development, engineering and planning activities, access to capital and future prices of gold and those factors discussed in the section entitled "Risk Factors" in this MD&A. Forward-looking information in this MD&A contains, among other things, disclosure regarding: the Company's development activities and production plans, including the operation of the Beaufor mine, the McKenzie property, the Croinor property, the Swanson property and the Beacon mill; the impact of the COVID-19 pandemic ("COVID-19") on the Company's operations; the future outlook, corporate development and strategy of the Company; the Company's projected capital and operating expenditures; the estimates of mineral resources and mineral reserves; the government regulation of mining operations, environmental regulation and compliance; the ability to obtain sufficient financing and the permitting required for the development of the Beaufor mine project and the Beacon mill project; and business opportunities that become available to, or are pursued by the Company.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: general business and economic conditions; there being no direct operational impacts resulting from infectious diseases or pandemics such as the ongoing COVID-19 pandemic; the supply and demand for, deliveries of, and the level and volatility of prices for gold products; the speculative nature of mineral exploration and development; changes in mineral production performance, exploitation and exploration successes; the risk that exploration data may be incomplete and additional work may be required to complete further evaluation, including but not limited to drilling, engineering, and socioeconomic studies and investment; the timing of the receipt of

necessary regulatory and governmental permits and approvals for the Beaufor mine project; the availability of financing for the Company's development of its properties and construction of its facilities and installations on reasonable terms; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; increased costs, delays, suspensions and technical challenges associated with the development of the Beaufor mine project; the ability to attract and retain skilled staff; development and production timetables; competition and market risks; pricing pressures; the accuracy of the Company's mineral resource and mineral reserve estimates as well as the geological, operational and price assumptions on which they are based; the fact that certain business improvement initiatives are still in the early stages of evaluation, and additional engineering and other analysis is required to fully assess their impact; the fact that certain of the initiatives described in the MD&A are still in the early stages and may not materialize; business continuity and crisis management; and such other assumptions and factors as set out herein and in this MD&A.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that may cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update or revise any forward-looking information that is included or incorporated by reference herein, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

COMBINATION OF BUSINESSES UNDER COMMON CONTROL

On January 21, 2021, Yamana Gold ("Yamana") acquired all of the outstanding shares of Monarch Gold Corporation pursuant to a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Monarch Gold Corporation was spun off to its shareholders through the Company. The Company received all assets and liabilities that were not sold to Yamana, namely the following:

- The Beaufor mine, the McKenzie Break property, the Croinor Gold property, the Swanson property and the Beacon property and mill, together with all assets and liabilities related to these properties (collectively the "Transferred Assets"); and
- A net cash amount of \$14 million.

In exchange, the Company issued 66,195,889 shares

In addition, on January 21, 2021, Monarch Gold Corporation had 11,289,473 warrants (the "Certificated Warrants") outstanding issued pursuant to individual warrant certificates and 10,042,000 warrants (the "Indenture Warrants") outstanding issued pursuant to a warrant indenture dated September 17, 2020 between Monarch Gold Corporation and Computershare Trust Company of Canada (the "Warrant Indenture").

Under the Arrangement, for each unexercised Certificated Warrant outstanding at January 21, 2021, the holder received:

- one Yamana warrant (a "Replacement Yamana Warrant") to purchase from Yamana 0.0376 of a Yamana share at an exercise price of \$0.074
- one Company warrant (a "Replacement Monarch Warrant") to purchase from the Company 0.2 of a Company share at a weighted average exercise price of \$0.051.

Each Monarch Gold Corporation Indenture Warrant will continue to be governed by and be subject to the terms of the Warrant Indenture, subject to any supplemental indenture, warrant certificate or exercise document, as the case may be, issued by Yamana and the Company (as mutually agreed, each acting reasonably) to the holders of the Indenture Warrants to facilitate the exercise of the Indenture Warrants and the payment of the corresponding portion of the corresponding exercise price. As part of the Arrangement, for each Indenture Warrant outstanding as at January 21, 2021, the holder will be entitled to receive:

- 0.0376 of a Yamana share for a net exercise price of \$0.311 per Indenture Warrant.
- 0.2 shares of the Company for a net exercise price of \$0.097 per Indenture Warrant.

The above transaction was accounted for as a combination of businesses under common control as it occurred between companies under common control. Accordingly, the transaction was measured in the Company's accounts using the historical carrying values from the accounts of Monarch Gold Corporation. The Company also elected not to restate comparatives for the periods prior to the acquisition and elected to recognize the difference between the consideration paid and the carrying amounts transferred ("Acquisition Adjustment") as an adjustment to the deficit.

The following table presents the accounting for the combination of businesses under common control on January 21, 2021:

	\$
Consideration paid:	
Common shares issued and warrants	43,027,328
Book values based on Monarch Gold Corporation amounts	
Cash	14,283,329
Other current assets	3,802,469
In trust deposits	1,430,603
Property, plant and equipment	13,453,013
Mining properties under exploration	25,107,672
Current liabilities	(587,476)
Lease liabilities	(49,358)
Non-current liabilities	(1,442,870)
Asset retirement obligations	(4,865,411)
Deferred income and mining taxes	(4,801,790)
Deficit (including Acquisition Adjustment)	(3,302,853)
	43,027,328

DESCRIPTION OF THE COMPANY

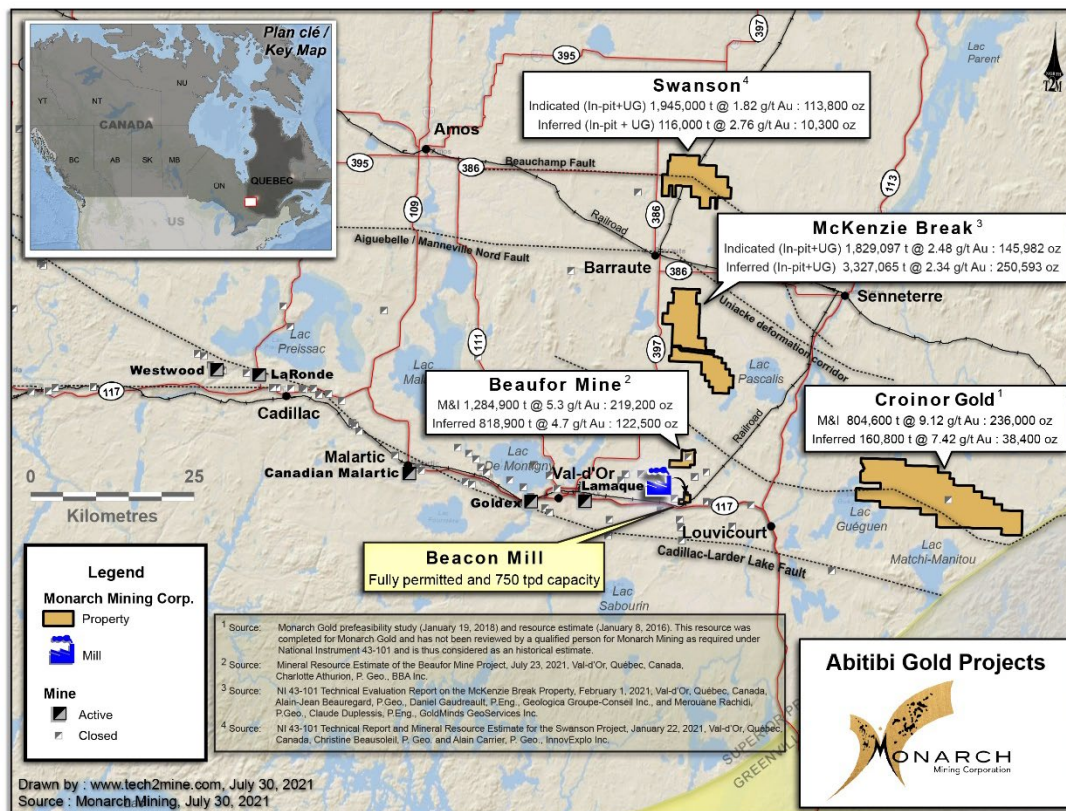
Monarch is a fully integrated gold mining company with four advanced projects, including the fully permitted Beaufor mine and property, which has produced over one million ounces of gold over the past 30 years. The Company's other advanced assets include the Croinor Gold, McKenzie Break and Swanson properties, all of which are located near Monarch's wholly owned, fully permitted 750 tpd Beacon mill. Monarch owns 28,702 hectares (287 km²) of mining assets in the prolific Abitibi mining camp in Québec, Canada, which contain a combined measured and indicated gold resource of 714,982 ounces and a combined inferred resource of 421,793 ounces.

In June 2019, Monarches Gold Corporation decided to temporarily suspend operations at the Beaufor mine and place it on care and maintenance. This suspension of production allowed for the commencement of a major exploration program. Following the new resource calculation of the Beaufor mine established on July 23, 2021 and published on August 23, 2021, the successful drilling not included in this resource calculation, the current gold price and the available funds, the Company has decided to begin the restarting work at the Beaufor mine and the Beacon mill by June 30, 2022

The Company was incorporated on November 11, 2020 under the *Canada Business Corporations Act*. The address of the head office is 68, avenue de la Gare, Suite 205, Saint-Sauveur, Québec, J0R 1R0. The shares of Monarch are listed on the Toronto Stock Exchange ("TSX") under the symbol "GBAR".

Louis Martin, P.Geo. is the qualified person of the Company within the meaning of NI 43-101 who has reviewed and verified the technical content of this MD&A.

LOCATION OF THE PROPERTIES



HIGHLIGHTS FROM JUNE 30, 2021, TO DATE OF REPORT

- On August 13, 2021, the Company announced the closing of a \$13.5 million secured term loan agreement with Investissement Québec.
- On August 5, 2021, the Company sold royalties to Gold Royalty Corp. for cash proceeds of \$11.25 million. A first cash payment of \$7.5 million was made on August 5, 2021 and the final payment of \$3.75 million will be made after six months.
- On July 28, 2021, the Company announced the results of a new mineral resource estimate ("MRE") for its Beaufor mine, with an estimated measured mineral resource of 328,500 tonnes grading 5.7 g/t Au for a total of 59,900 ounces of gold, Indicated mineral resources estimated at 956,400 tonnes grading 5.2 g/t Au for a total of 159,300 ounces, and inferred resources estimated at 818,900 tonnes grading 4.7 g/t Au for a total of 122,500 ounces.

HIGHLIGHTS AS AT JUNE 30, 2021

- On June 29, 2021, the Company announced the closing of an underwritten private placement for total gross proceeds of \$6,655,600.
- On April 29, 2021, the Company announced results from its 42,500 metre ("m") diamond drill program on its Beaufor mine project. The results include several high-grade results including 187.0 g/t Au over 0.5 m, 151.5 g/t Au over 0.5 m and 147.5 g/t Au over 0.3 m.
- On March 22, 2021, the Company announced the first set of results from its 2020-2021 exploration diamond drilling program on its McKenzie Break project. The most significant results include 8.46 g/t Au over 13.8 m. The results include several significant intersections as the Company continues to expand the high-grade portion of the recently estimated resource to the northeast and south.
- On March 8, 2021, the Company announced that it had staked 36 new map-designated cells totalling 1,940 hectares (19.4 km²), increasing the size of the McKenzie Break property to 169 mining claims covering 7,070 hectares (70.7 km²).
- On March 4, 2021, the Company closed a financing of 857,143 provincial flow-through shares (Québec) at a price of \$1.75 per unit and 2,587,841 federal flow-through units (Canada) at a price of \$1.38 per unit for gross proceeds of \$5,081,721.
- On February 8, 2021, the Company announced an updated MRE for its McKenzie Break project.
- On February 1, 2021, the Company announced an updated MRE for its Swanson project.
- On January 28, 2021, the Company announced an updated MRE for its Beaufor mine project.
- On January 21, 2021, as part of the Arrangement, Monarch Gold Corporation transferred the Beaufor, Croinor Gold, McKenzie Break and Swanson mining properties and the Beacon mill and property, together with all assets and liabilities related to these properties, and other assets and liabilities, to a new subsidiary, Monarch Mining Corporation, and Yamana acquired the Wasamac property and the Camflo mill through the acquisition of all the issued and outstanding shares of Monarch Gold Corporation (not already owned by Yamana) on a fully diluted basis.

PROPERTY RESOURCES

	Tonnes (metric)	Grade (g/t Au)	Ounces
Beaufor Mine¹			
Measured Resources	328,500	5.7	59,900
Indicated Resources	956,400	5.2	159,300
Measured and Indicated Total	1,284,900	5.3	219,200
Inferred Total	818,900	4.7	122,500
Croinor Gold²			
Measured Resources	80,100	8.44	21,700
Indicated Resources	724,500	9.20	214,300
Measured and Indicated Total	804,600	9.12	236,000
Inferred Total	160,800	7.42	38,400
McKenzie Break³			
<i>In-pit</i>			
Indicated Total	1,441,377	1.80	83,305
Inferred Total	2,243,562	1.44	104,038
<i>Underground</i>			
Indicated Total	387,720	5.03	62,677
Inferred Total	1,083,503	4.21	146,555
Swanson⁴			
<i>In-pit</i>			
Indicated Total	1,864,000	1.76	105,400
Inferred Total	29,000	2.46	2,300
<i>Underground</i>			
Indicated Total	91,000	2.86	8,400
Inferred Total	87,000	2.87	8,000
COMBINED TOTAL ⁵			
Measured and Indicated Resources			714,982
Inferred Resources			421,793

¹ Source: NI 43-101 Technical Report and Mineral Resource Estimate for the Beaufor Mine Project, July 23, 2021, Val-d'Or, Québec, Canada, Charlotte Athurion, P. Geo., Clovis Auger, P. Geo., and Dario Evangelista, P. Eng., BBA Inc.

² Source: Monarch Gold prefeasibility study (January 19, 2018) and resource estimate (January 8, 2016). This resource was completed for Monarch Gold Corporation and has not been reviewed by a qualified person for Monarch Mining as required under National Instrument 43-101 and is thus considered as an historical estimate.

³ Source: NI 43-101 Technical Evaluation Report on the McKenzie Break Property, February 1, 2021, Val-d'Or, Québec, Canada, Alain-Jean Beaugard, P. Geo., Daniel Gaudreault, P. Eng., Geologica Groupe-Conseil Inc., and Merouane Rachidi, P. Geo., Claude Duplessis, P. Eng., GoldMinds GeoServices Inc.

⁴ Source: NI 43-101 Technical Report and Mineral Resource Estimate for the Swanson Project, January 22, 2021, Québec, Canada, Christine Beausoleil, P. Geo. and Alain Carrier, P. Geo., InnovExplo Inc. Val-d'Or, Québec

⁵ Numbers may not add due to rounding.

EVENTS AFTER JUNE 30, 2021

Sale of royalties

On August 5, 2021, the Company sold royalties to Gold Royalty Corp. for \$11.25 million in cash. This amount is payable in two tranches, \$7.5M at closing and \$3.75M after 6 months. The agreement includes the following royalties:

- 2.50% on net smelter returns ("NSR") from production at Croinor Gold, McKenzie Break and Swanson (1.25% redeemable for \$2M per royalty after December 31, 2027 for a period of 30 days if the London Bullion Market Association gold price exceeds US\$2,000 for 30 consecutive days).
- \$2.50 per tonne milled at the Beacon mill from the Beaufor mine.

Gold Royalty Corp. also acquired the option to repurchase a 1% NSR royalty on the Beaufor mining property from the Caisse de dépôt et placement du Québec ("CDPQ"). The Company's existing 1% NSR repurchase right was cancelled and removed, after which the CDPQ held a 2% NSR royalty and Gold Royalty Corp. and 1% NSR on the Beaufor mining property.

Term loan

On August 14, 2021, the Company contracted a 3-year term loan with Investissement Québec ("IQ") in the amount of \$13.5M. This loan will be repayable in equal quarterly principal payments over an 8-year term starting on the first anniversary of the loan. The balance of the loan to be repaid at maturity will be 75% of the initial loan amount.

The loan is secured by a first ranking hypothec on the universality of the Company's movable and immovable assets.

This term loan will bear interest at a rate of:

- 6% per year until the restart of the Beaufor and Beacon operations. The restart will be considered as proven with a proof of production of 1,150 ounces of gold over 30 rolling days at the Beacon mill, with ore coming exclusively from the Beaufor mine.
- 5% per year for the first year of production, paid quarterly. The first year of production will be considered proven when the following conditions are met:
 - Proof of production of 22,500 ounces of gold over 365 rolling days at the Beacon mill, using ore sourced exclusively from the Beaufor mine
 - a 90-day rolling production record of 8,000 ounces of gold at the Beacon mill, using ore exclusively from the Beaufor mine
 - 12-month EBITDA of \$8 million
- 4% per year after the first year of production with audited EBITDA, paid quarterly.

Minimum cash balance over the life of the loan set at \$6M and placed in a restricted bank account, the release of which will be subject to IQ's approval or the following steps:

- \$2M released at the restart of the 2 facilities (same condition as for the interest rate change)
- \$2M released at the end of the first year of production (same condition as for the interest rate change)
- \$2M released upon repayment of the loan

OUTLOOK

The Company's main business objectives are to: i) restart the Beaufor mine and Beacon mill by June 2022 and ii) continue the drilling programs on the McKenzie Break, Croinor Gold and Swanson properties.

KEY FINANCIAL DATA

	232-DAY PERIOD ENDED JUNE 30 2021
<i>(In dollars except per-share data)</i>	
Administration expenses	1,761,466
Care and maintenance expenses	2,757,758
Exploration expenses	3,471,155
Recovery of deferred income taxes and mining taxes	(1,766,907)
Net loss	(5,598,402)
Cash flows used in operating activities	(5,466,039)
Cash flows from financing activities	10,613,714
Cash flows from investing activities	15,332,782
Key per-share data	
Basic and diluted net loss	(0.12)

	JUNE 30, 2021
<i>(In dollars)</i>	
Cash and cash equivalents	20,480,457
Total assets	64,424,473
Non-current liabilities	9,349,721
Shareholders' equity	49,812,381

REVIEW OF FINANCIAL RESULTS

232-day period ended June 30, 2021

General and administrative expenses totalled \$1.8 million for the three months ended June 30, 2021, of which \$1.6 million consisted of salaries, share-based payments, and consulting and professional fees.

Care and maintenance expenses for the three months ended June 30, 2021, totalled \$2.8 million for the Beaufor mine and Beacon mill sites. The Company is currently carrying out maintenance work on its equipment and infrastructure.

Exploration expenses amounted to \$3.5 million for the period ended June 30, 2021. The Company has undertaken one of the largest exploration programs on the Beaufor property with a total of approximately 270 drill holes over 42,500 metres. The expenditures consist mainly of drilling and salaries. As at June 30, 2021, approximately 32,000 metres of drilling have been completed and 213 holes have been drilled. The objectives are to increase the accuracy of known mineralized zones and to confirm continuity of environments favourable to mineralization. Monarch is also developing an underground exploration drift strategically positioned to allow for deep exploration of the main Beaufor mine deposit. This same exploration drift will allow to better define the main deposit, in anticipation of restarting mining activities, and to optimize deep drilling.

Based on the favourable results of the Beaufor 2020-2021 drilling campaign by Monarch Gold Corporation, Monarch plans to drill additional holes from the surface by the end of 2021 in the hope of extending the continuity of the areas.

The Company recognized a recovery of deferred income taxes and mining taxes mainly as a result of losses realized during the year.

The Company reported a net loss of \$5.6 million or \$0.12 per basic and diluted share for the year ended June 30, 2021. This loss is mainly due to the fact that the Company is in a restart phase. As a result, it must incur significant exploration, consulting and specialized labour costs, while maintaining maintenance and upkeep expenses for the Beaufor and Beacon properties.

REVIEW OF PRODUCTION ACTIVITIES

	232-DAY PERIOD ENDED JUNE 30 2021
<i>(In dollars)</i>	
Exploration and evaluation expenses	
Beaufor mine	3,471,155
McKenzie Break	1,081,835
Croinor Gold	54,186
Others	17,387
Exploration and evaluation	4,624,563
Capitalized exploration and evaluation expenses	1,153,408
Exploration and evaluation expenses	3,471,155

Beaufor Mine

Monarch holds a 100% interest in the Beaufor mine, which consists of two mining leases, one mining concession and 23 mining claims covering an area of 5.9 km². The mine is located approximately 20 kilometres northeast of the town of Val-d'Or, in the Abitibi-Est County, Province of Québec. The Beaufor mine is an underground mine.

On June 27, 2019, production activities at the Beaufor mine were temporarily suspended and the mine was placed under care and maintenance.



Restart

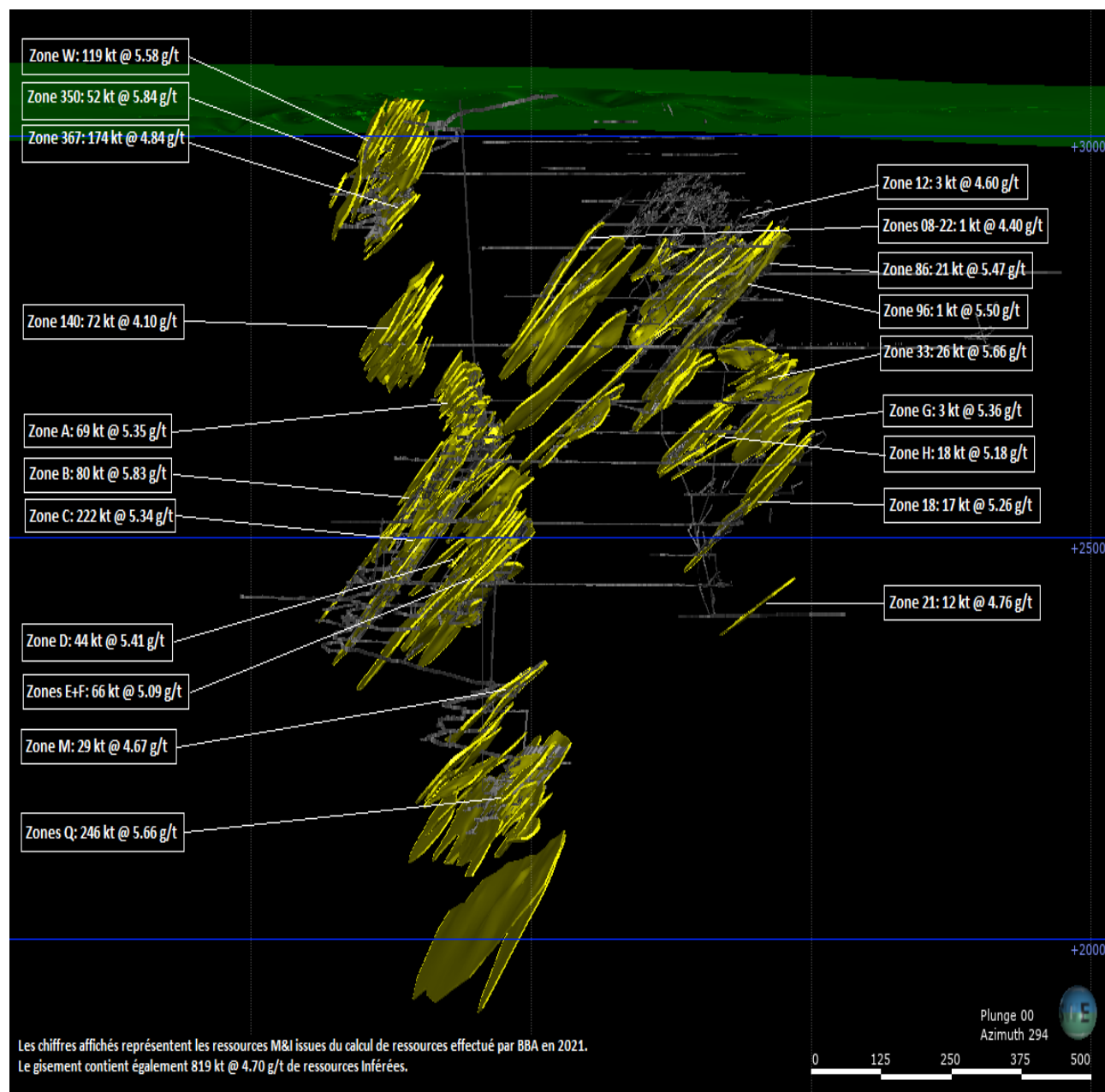
Monarch has decided to proceed with work to restart operations, primarily due to positive drilling results, the current gold price, the proposed production strategy and the financing.

The new production strategy will aim to operate the Beaufor mine via two accesses, the production ramp and the shaft, whereas historical production has been from the shaft only.

The July 2021 resource recalculation does not include results from drilling completed after May 18, 2021. The table below illustrates the positioning of the resources in relation to the mine's current underground infrastructure.

	Tonnage (t)	Grade (Au g/t)	Ounces Au (oz)
Measured and Indicated	1,284,900	5.3	219,200
Measured	328,500	5.7	59,900
Indicated	959,400	5.2	159,300
Inferred	818,900	4.7	122,500

NI 43-101 Technical Report, Beaufor Mine, BBA (July 28, 2021).



The Beacon mill, located only 7 kilometres from the Beaufor mine, has a capacity of 750 tpd and is also on care and maintenance.

Rehabilitation work is underway in order to mill the ore from Beaufor in preparation for a restart of operations.

Exploration

In 2020, one of the most important exploration programs on the Beaufor property was undertaken with a total of approximately 270 drill holes over 42,500 metres, which the Company has continued. The exploration drilling consists of several phases, including:

- Underground work in the vicinity of the mine's exploration targets (high-grade intervals and isolated resource blocks)
- Near-surface and mine targets
- Targets under the current mine bottom
- Regional exploration targets

Underground work in the vicinity of the mine's exploration targets

This initial phase represents the bulk of the exploration drilling and will focus on underground targets close to the mine, as defined by the recent 3D modelling. These holes will test zones located near historical high-grade intervals intersected in the drilling and associated with known vein structures that remain open. All of these targets are defined by high-grade intersections located in proximity to existing underground infrastructure, which requires minimal development for mining purposes. These defined targets are all located above the lowest level of mine development, at less than 900 metres in depth. Testing of these targets can easily be carried out from the available underground developments, with the majority of drill holes being less than 200 metres in length.

The second type of targets related to underground targets in the vicinity of the mine will be the follow-up of isolated resource blocks that still have significant expansion potential. These resource blocks are generally defined by a single hole along a known mineralized structure, but continuity has not been demonstrated due to a lack of nearby drilling.

Near surface and mine targets

A surface drilling program in the vicinity of the mine will follow to test both high-grade targets and isolated resource blocks that cannot be adequately tested from the existing underground infrastructure. These targets are located in the vicinity of the mine and at a maximum depth of 300 metres from the surface.

Targets under the current mine bottom

An exploration drilling program to test the zone below the current bottom of the mine (over 900 metres deep) will be undertaken to continue testing the extension of known mineralization at depth, where mining operations had ceased prior to the temporary shutdown. Widely-spaced drilling below the bottom of the mine has confirmed the extension of the mineralization. Drilling will target specific zones defined by previous high-grade intersections in an area up to 230 metres below the current workings.

Regional exploration targets

The final phase of exploration drilling will consist of surface drilling to test regional targets defined by historical intersections and potential structures beyond the current limits of underground infrastructure.

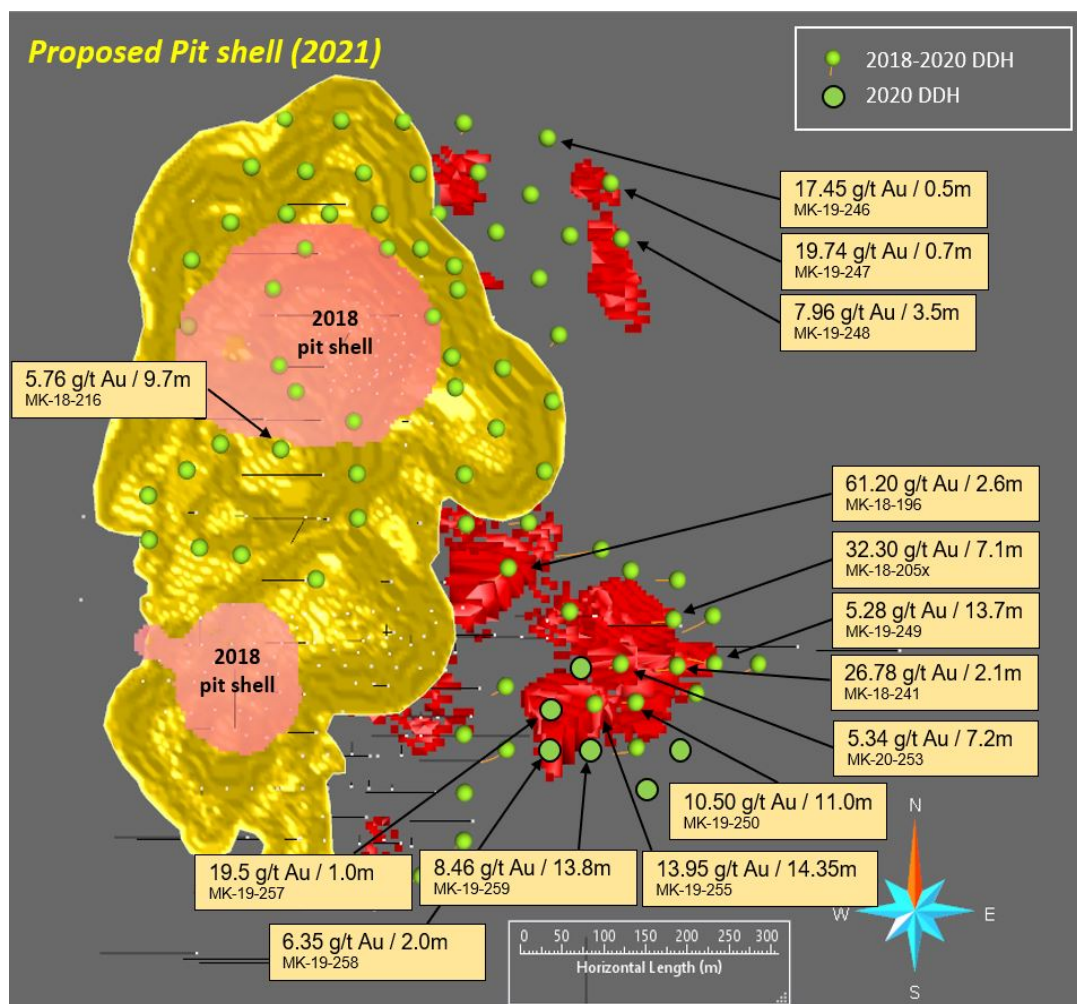
McKenzie Break

The Company continued the exploration activities undertaken by Monarques Gold Corporation on the McKenzie Break property. The staking completed in February 2021 by the Company extends the property to 169 claims covering 7,070 hectares (70.7 km²). Located 20 kilometres north of the Beacon mill and 10 kilometres south of the municipality of Barraute, Quebec, the property is accessible year-round by Highway 397 and a gravel road and includes a 700-metre gate and ramp built in 2009.

McKenzie Break is a high-grade, narrow, multi-vessel, narrow-grained gold deposit hosted in the Pascalis dioritic batholith and covered with porphyry diorite and mafic and felsic volcanic rocks.

Since the acquisition of the property by Monarques Gold Corporation, several drilling programs have been carried out on the property. The table and figure below present the best drilling results obtained from these campaigns:

Survey	Lenght (m)	From (m)	To (m)	Width (m)	Grade (Au g/t)
MK-18-205Ext	426	356.5	363.6	7.1	32.30
MK-20-255	392	300.65	315.0	14.35	13.95
MK-18-196	300	254.8	257.4	2.8	61.20
MK-19-250	426	329.0	340.0	11.0	10.50
MK-19-249	432	379.5	393.2	13.7	5.28
MK-19-241	432	363.0	365.1	2.1	26.78
MK-18-216	177	133.3	143.0	9.7	5.76
MK-20-255	392	379.0	381.0	2.0	27.15
MK-19-251	414	334.0	340.0	6.0	7.04
MK-20-253	429	351.8	359.0	7.2	5.34



Croinor Gold

On January 19, 2018, the Monarch Gold Corporation announced the positive results of the pre-feasibility study prepared by Innovexplo Inc. The results of the pre-feasibility study show that the Croinor Gold project is economically viable and could become a low-cost mine. All the permits are currently held.

Feasibility Study Highlights:

- High return: pre-tax internal rate of return of 47.56%, net present value of \$32 million.
- Low cost of production: cash cost of production of \$818/ounce (US\$639/ounce) and overall cost of production of \$1,155/ounce (US\$902/ounce).
- Based on a gold price of US\$1,280 and a rate of 1.28 CAD/USD.
- The study does not include drilling after November 2015.

It is also important to mention that the results of the 2018 drilling program totalling 26,580 metres are not part of the pre-feasibility study and could considerably improve the project's potential.

In 2021, the Company completed a 5,286-metre drill program on Croinor Gold. The 26-hole program was entirely focused on exploration targets located outside the currently defined resource envelope of the Croinor Gold deposit.

This exploration drilling program confirmed the presence of mineralization in several areas outside of the main Croinor Gold deposit. The Company will continue to focus on advancing the development of the Croinor Gold deposit while exploring for additional showings on this large property covering multiple favourable horizons over a strike length of more than 25 km.

Swanson

On January 22, 2021, the Company reported a NI 43-101 pit-constrained resource of 105,400 ounces in the indicated category on the property, as well as an underground resource of 8,400 ounces in the indicated category, for a total of 113,800 ounces of gold. An analysis of the economic potential of the deposit will have to be carried out in the context of the current gold price.

FINANCIAL POSITION

<i>(In dollars)</i>	AS AT JUNE 30, 2021	EXPLANATIONS OF VARIATIONS
Current assets	22,750,973	Current assets are mainly attributable to funds from a combination of businesses under common control and share issuance partly offset by share issuance expenses and disbursements incurred.
Non-current assets	41,673,500	Non-current assets are mainly attributable to asset transfers from a combination of businesses under common control
Total assets	64,424,473	
Current liabilities	5,262,368	Current liabilities consist mainly of trade payables from exploration and care and maintenance activities.
Non-current liabilities	9,349,721	Non-current liabilities are mainly attributable to deferred income and mining taxes and asset retirement obligations.
Total liabilities	14,612,092	
Shareholders' equity	49,812,381	Shareholders' equity increased mainly due to the shares issued during the period as part of the financing and the issuance of shares and warrants in connection with the combination of businesses under common control.

LIQUIDITY AND SOURCES OF FINANCING

The Company's strategy is based on achieving positive cash flows from operations to internally fund operating, capital and project development requirements. It expects to be in a position to implement this strategy as soon as production resumes at the Beaufor mine. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, and development programs, the ability to issue shares or obtain other sources of financing.

As at June 30, 2021, the Company had \$20.5 million in cash and cash equivalents. Of this amount, \$4.0 million is reserved for exploration and evaluation expenditures.

Financing sources

Funding sources since November 11, 2020 and as of the date of this report are listed in the following table:

DATE	TYPE	SECURITIES	AMOUNT (\$)	USE OF FUNDS
June 29, 2021	Non-brokered private placement	Common shares	6,655,600	The funds will be used primarily for working capital and project advancement.
March 4, 2021	Non-brokered private placement	Flow-through shares	5,081,721	Exploration work on the properties held by the Company. The funds were partially used.
January 21, 2021	Net funds from the arrangement between Yamana and Monarch Gold Corporation and involving Monarch	Common shares	14,283,329	The funds will be used primarily for working capital and project advancement.

CASH FLOWS

<i>(In dollars)</i>		232-DAY PERIOD ENDED JUNE 30, 2021
Net cash position from		
Operating activities		(5,466,039)
Financing activities		10,613,714
Investing activities		15,332,782
Increase in cash and cash equivalents		20,480,457
Cash and cash equivalents at beginning of the period		—
Cash and cash equivalents at end of the period		20,480,457

Operating activities

During the 232-day period ended June 30, 2021, cash flows used in operating activities were \$5.5 million mainly due to exploration costs at the Beaufor mine, administration costs, care and maintenance expenses incurred and deferred income and mining taxes, partially offset by a favourable change in working capital.

Financing activities

For the 232-day period ended June 30, 2021, cash flows from financing activities generated \$10.6 million mostly from equity financings completed during the period, partially offset by share issuance costs.

Investing activities

Cash flows from investing activities amounted to \$15.3 million, including \$14.3 million from a combination of businesses under common control and the receipt of a balance of sale in the amount of \$2 million, partially offset by additions to property, plant and equipment and exploration and evaluation expenses of \$0.9 million.

QUARTERLY FINANCIAL REVIEW

Selected quarterly financial information for the most recent quarters since the Company's incorporation is presented below:

PERIODS ENDED ON: (In dollars)	JUNE 30 2021	MARCH 31 2021
Administrative expenses	1,176,022	585,444
Care and maintenance expenses	1,794,899	962,859
Beaufor exploration expenses	2,229,013	1,242,142
Recovery of deferred income taxes and mining taxes	1,790,126	(23,219)
Net loss	(2,837,751)	(2,760,651)
Basic and diluted net loss per share	(0.04)	(0.05)
Cash and cash equivalents	20,480,457	19,013,624
Working capital	17,488,605	19,168,520
Total assets	64,424,473	61,211,859
Operating activities	(3,834,490)	(1,631,549)
Financing activities	6,076,970	4,536,744
Investing activities	(775,647)	16,108,429

Fourth quarter ended June 30, 2021

General and administrative expenses were higher in the quarter ended June 30, 2021 compared to the previous quarter. The previous quarter covered mainly a two-month period, as activities started at the closing of the transaction between Yamana and Monarques Gold Corporation on January 21, 2021. In addition, the majority of the share purchase options and restricted share units were granted in March 2021 for one month of expenses for the previous quarter, compared to three months for the current quarter. The Company also made a few hires, incurred professional fees for transactions related to its properties and increased its investor relations activities.

Care and maintenance expenses also increased in the last quarter of fiscal 2021 compared to the previous quarter of the same fiscal year due to maintenance work on the Beaufor facility.

The Company recognized a recovery of deferred income taxes and mining taxes mainly due to realized losses.

Finally, the Company concluded a common share financing as described above.

OUTSTANDING SHARE CAPITAL

The following table sets forth the number of common shares, restricted share units, share purchase options, warrants and broker warrants of the Company outstanding as of the date of this MD&A:

	AS AT SEPTEMBER 27, 2021
Common shares issued	78,033,009
Restricted share units	1,405,500
Share purchase options (average exercise price: \$1.00)	2,264,000
Warrants of the Company (average exercise price: \$1.05)	4,159,750
Replacement Monarch warrants (average exercise price: \$0.05)	10,956,291
Broker warrants (average exercise price: \$1.02)	
Indenture warrants of Monarch Gold Corporation	10,042,000

RELATED PARTY TRANSACTIONS

During the 232-day period ended June 30, 2021, the Company incurred the following expenses with members of the Board of Directors and key officers of the Company. These transactions are entered into in the normal course of business and are measured at their exchange amount, which is the amount of consideration agreed to by the parties to the agreements.

	232-DAY PERIOD ENDED JUNE 30, 2021
	\$
Salaries, directors' fees and other benefits	393,879
Shares-based compensation	234,269
Defined contribution plan	15,100
Government plans	45,005
	688,253

OFF-BALANCE SHEET AGREEMENTS

The Company does not have any off-balance sheet agreements.

COMMITMENTS AND CONTINGENCIES

The Company had the following commitments as at June 30, 2021:

A) Royalties

Properties	Net smelter return (NSR) royalties
Beaufor	<ul style="list-style-type: none"> ➤ 1.0% payable after the Company has produced 100,000 ounces of gold ➤ 3.0% (1% reduction when royalties paid are greater than \$5M and 1% redeemable for \$2.5M until May 2025) ➤ Others
Croinor Gold	➤ 1.5%
McKenzie Break	➤ 1.5% (0.5% redeemable for \$750,000)
Swanson	<ul style="list-style-type: none"> ➤ 1.5% (0.5% redeemable for \$750,000) ➤ 2.0% (1% redeemable for \$1 US million)

See Note 20 to the audited consolidated financial statements for additional royalties sold in August 2021.

B) Flow-through shares

During the 232-day period ended June 30, 2021, the Company is committed to disbursing, prior to certain dates, amounts in eligible exploration and evaluation expenses, in accordance with the *Income Tax Act (Canada)* and the *Québec Taxation Act*, and to transfer these tax deductions to the subscribers of the completed flow-through share investments of each of the financings. In connection with these commitments, the table below provides important details:

DATE OF FINANCING	AMOUNT OF FINANCING	DISBURSEMENT DEADLINE	FUNDS RESERVED AS AT JUNE 30, 2021	FLOW-THROUGH SHARE LIABILITY AS AT JUNE 30, 2021
	\$		\$	\$
March 4, 2021	5,081,721	December 31, 2022	3,982,052	1,667,518

SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted the accounting policies described in note 3 to the audited consolidated financial statements for the 232-day period ended June 30, 2021.

SIGNIFICANT JUDGMENTS AND ESTIMATES

Full disclosure and a description of the Company's significant judgments and estimates are detailed in the audited consolidated financial statements for the 232-day period ended June 30, 2021.

FINANCIAL INSTRUMENTS

Full disclosure and description of the Company's financial instruments, financial risk management and capital management can be found in the audited consolidated financial statements for the 232-day period ended June 30, 2021.

RISK FACTORS

The exploration, development and extraction of precious metals involve many risks due to the inherent nature of the enterprise, global economic trends and the influences of local social, political, environmental and economic conditions in the various geographical segments of operation. As such, the Company is subject to several financial and operational risks that could have a significant impact on its profitability and cash from operations.

Readers are encouraged to read and consider the risk factors and associated uncertainties as described in the most recent available Annual Information Form of the Company. These risk factors could have a significant effect on future Company operating results and could cause actual events to differ materially from those described in forward-looking statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As a publicly traded entity, management must take steps to ensure that material information relating to reports filed or submitted under securities laws presents financial information fairly. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining and evaluating the design of disclosure controls and procedures and internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company and its subsidiaries is obtained and communicated to senior management on a timely basis so that appropriate decisions can be made regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining internal controls over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the period from January 21, 2021 to June 30, 2021, no changes were made to the Company's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

In designing disclosure controls and procedures and internal control over financial reporting, the Company recognizes that, regardless of how such controls are designed and operated, they can provide only reasonable, not absolute, assurance that the objectives expected of the system of controls are being achieved.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as at the date shown in the header of this document. Additional information relating to the Company, including the technical reports mentioned herein can be found on the SEDAR website www.sedar.com and on our website at www.monarchmining.com.

GENERAL INFORMATION

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STOCK EXCHANGE

Toronto Stock Exchange (TSX)
Symbol (shares): GBAR

OTC Markets
Symbol (shares): GBARF

EXECUTIVE MANAGEMENT

Jean-Marc Lacoste
President and CEO

Alain Lévesque CPA, CA
Chief Financial Officer and Vice-President Finance

Mathieu Séguin
Vice-President, Corporate Development

BOARD OF DIRECTORS

Michel Bouchard, Chairman of the Board*

Jean-Marc Lacoste, Director

Guylaine Daigle, Director*, **

Christian Pichette, Director*, **

Laurie Gaborit, Director**

* *Member of the audit committee*

** *Member of the Compensation Committee*

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