



MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH PERIOD ENDED

SEPTEMBER 30, 2021

MONARCH MINING CORPORATION

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Management's discussion and analysis

Three-month period ended September 30, 2021

TABLE OF CONTENTS

Forward-looking statements.....	2
Description of the Company	4
Location of the properties	4
Highlights from September 30, 2021, to date of report	5
Highlights as at September 30, 2021	5
Property resources	6
Outlook	6
Key financial data.....	7
Review of financial results	7
Review of production activities	9
Historical Mineral Resource Estimate.....	15
Financial position	15
Liquidity and sources of financing	16
Cash flows	16
Quarterly financial review	17
Outstanding share capital.....	17
Related party transactions.....	18
Off-balance sheet agreements	18
Commitments and contingencies	18
Significant accounting policies.....	19
Significant judgments and estimates.....	19
Financial Instruments	19
Risk factors.....	19
Disclosure controls and procedures and internal controls over financial reporting	20
Disclosure controls and procedures	20
Internal control over financial reporting	20
Additional information and continuous disclosure	20
General Information	21

The Management's Discussion and Analysis ("MD&A") of Monarch Mining Corporation ("Monarch" or the "Company") dated November 9, 2021, is intended to help readers become more familiar with the Company's business. It explains, among other things, the changes in financial position and results of operations for the three-month period ended September 30, 2021 and compares the statements of financial position as at September 30, 2021 and June 30, 2021. It should be read in conjunction with the Company's consolidated financial statements for the 232-day period ended June 30, 2021, and the related notes. The unaudited consolidated condensed interim 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 unaudited consolidated condensed interim financial statements and MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on November 9, 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. These forward-looking statements reflect management's current beliefs and are based on information currently available to management. 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 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 statements, 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 statements, 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 statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update or revise any forward-looking statements 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.

DESCRIPTION OF THE COMPANY

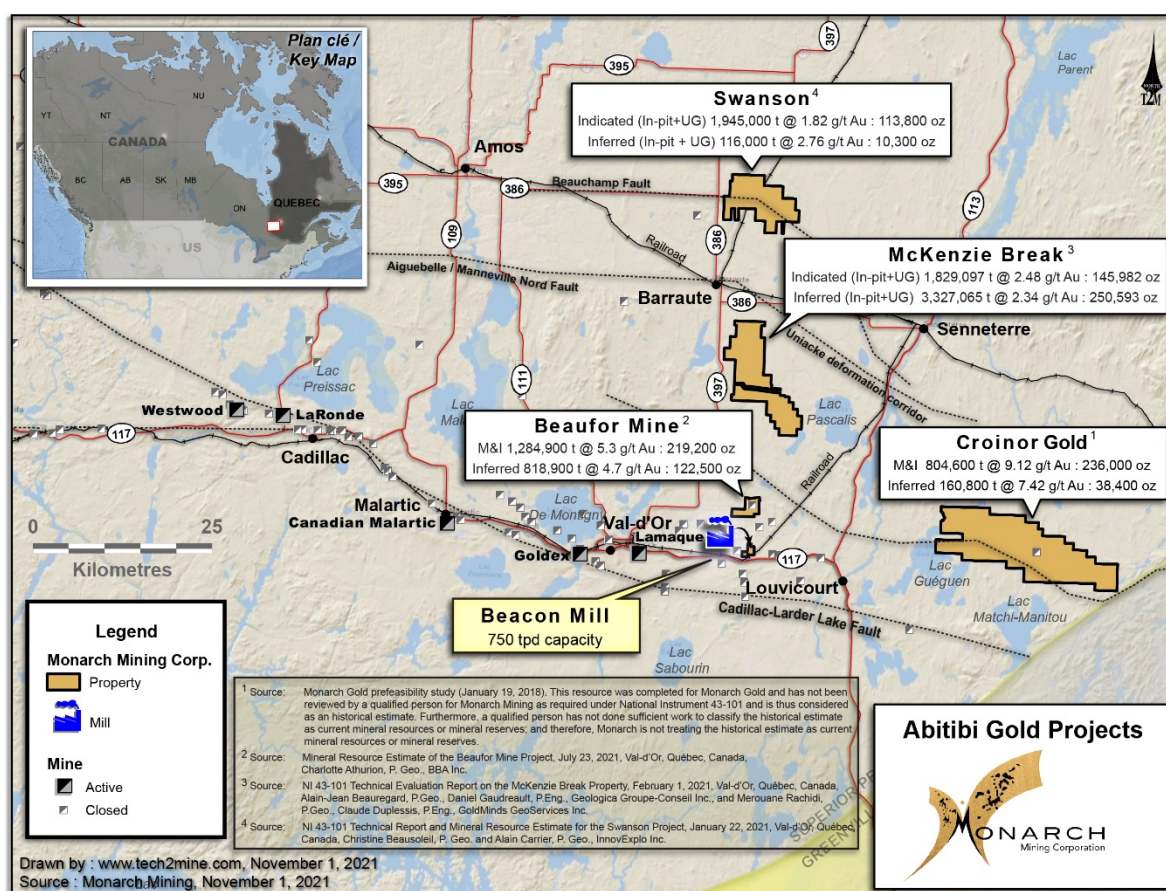
Monarch is a fully integrated gold mining company with four projects, namely the Beaufor mine, Croinor Gold, McKenzie Break and Swanson projects, all of which are located in close proximity to the wholly-owned 750 tpd Beacon mill. Monarch owns over 287 km² of mining assets in the prolific Abitibi mining camp, representing a combined portfolio of 478,982 ounces of measured and indicated gold resources and 383,393 ounces of inferred resources.

Monarch was created as a result of the successful transaction between Yamana Gold and Monarch Gold Corporation on January 21, 2021.

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 SEPTEMBER 30, 2021, TO DATE OF REPORT

- On November 1, 2021, the Company announced additional results from its 42,500-metre 2020-2021 exploration program on the Beaufor Mine. The results include several high-grade assays including 56.91 g/t Au over 0.7 m, 21.6 g/t Au over 1.8 m and 24.5 g/t Au over 0.5 m, as Monarch continues to test potential resources in the vicinity of the historic mine
- On October 20, 2021, the Company announced that it intersected significant gold mineralization in several diamond drill holes approximately 1 km south of the McKenzie Break deposit in regional exploration drilling that included: 3.93 g/t Au over 2.83 metres, 3.93 g/t Au over 5.45 metres and 1.52 g/t Au over 8.80 metres.

HIGHLIGHTS AS AT SEPTEMBER 30, 2021

- On August 16, 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, which now has 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 of gold.

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
Total Measured and Indicated	1,284,900	5.3	219,200
Total Inferred	818,900	4.7	122,500
McKenzie Break²			
<i>In-pit</i>			
Total Indicated	1,441,377	1.80	83,305
Total Inferred	2,243,562	1.44	104,038
<i>Underground</i>			
Total Indicated	387,720	5.03	62,677
Total Inferred	1,083,503	4.21	146,555
Swanson³			
<i>In-pit</i>			
Total Indicated	1,864,000	1.76	105,400
Total Inferred	29,000	2.46	2,300
<i>Underground</i>			
Total Indicated	91,000	2.86	8,400
Total Inferred	87,000	2.87	8,000
TOTAL COMBINED⁴			
Measured and Indicated Resources			478,982
Inferred Resources			383,393

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: 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.

³ Source: NI 43-101 Technical Report and Mineral Resource Estimate for the Swanson Project, January 22, 2021, Val-d'Or, Québec, Canada, Christine Beausoleil, P. Geo. and Alain Carrier, P. Geo., InnovExplo Inc.

⁴ Numbers may not add due to rounding.

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

<i>(In dollars except per-share data)</i>	THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
Administration expenses	(1,915,029)
Exploration expenses	(1,729,695)
Gain on disposal of assets	7,690,483
Income taxes and deferred mining taxes	(1,740,726)
Net earnings and comprehensive income	2,843,374
Cash flows used in operating activities	(4,636,634)
Cash flows from financing activities	14,618,080
Cash flows from investing activities	(3,002,313)
Key per-share data	
Basic and diluted net earnings	0.04

<i>(In dollars)</i>	SEPTEMBER 30, 2021
Cash and cash equivalents	27,459,590
Reserved cash	6,000,000
Total assets	89,164,416
Non-current liabilities	27,588,084
Shareholders' equity	52,990,352

REVIEW OF FINANCIAL RESULTS

Three-month period ended September 30, 2021

General and administrative expenses totalled \$1.9 million for the quarter ended September 30, 2021, of which \$1.5 million consisted of salaries, share-based payments, and consulting and professional fees.

Exploration expenses amounted to \$1.7 million for the three-month period ended September 30, 2021. The Company has started 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 September 30, 2021, approximately 36,700 metres of drilling have been completed and 218 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 has also developed 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 in the hope of extending the continuity of the areas.

The Company recognized an income tax expense and deferred mining taxes mainly as a result of profits realized during the quarter, including the gain on disposal of assets.

The Company reported net earnings of \$2.8 million or \$0.04 per basic and diluted share for the quarter ended September 30, 2021. This income is mainly due to the fact that the Company realized gains on the disposal of assets, offset mainly by administrative and exploration expenses on the Beaufor property.

Sale of royalties

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

- 2.50% on net smelter returns from production at Croinor, 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 ton milled at the Beacon mill from the Beaufor mine.

Gold Royalty Corp. will also acquire the option to buy-back a 1% NSR royalty on the Beaufor mining property (Note 9) from the Caisse de Dépôt et Placement du Québec and the Company's existing 1% NSR buy-back rights will be cancelled and removed. The carrying value of this repurchase option was \$1,551,911 and has been recorded as a gain on disposal of an asset in the interim condensed consolidated statement of net earnings and comprehensive income.

The sale of the royalty has been divided into three parts for accounting purposes:

- i) Sale of a portion of the Croinor, McKenzie Break and Swanson mining properties as control over a portion of future gold production is transferred to the purchaser for the 1.25% NSR royalty.
- ii) Financial liability, in accordance with IFRS 15, for the buy-back options of a 1.25% NSR royalty on the Croinor, McKenzie Break and Swanson mining properties because the control of this portion of future gold production is not deemed to be transferred to the purchaser due to the Company's right to exercise the buy-back options after December 31, 2027, under certain conditions.
- iii) Financial liability, in accordance with IFRS 9, for the contractual obligation to pay a royalty of \$2.50 on tons milled at the Beacon mill from the Beaufor mine.

The proceeds of disposition have been allocated to the various components based on the estimated present value of the cash flows expected from each component. The \$3.75M receivable was included in the proceeds of disposition and recorded in current assets at the time of the transaction as no additional transfer of assets or services is related to it, compliance with the conditions to be fulfilled is under the control of the Company and compliance with these conditions in the near future was considered highly probable. The carrying value of the mining properties disposed of has been determined in proportion to the percentage of the estimated net book value that has been sold.

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 a period of 8 quarters beginning on the first anniversary of the loan, representing a principal repayment of \$3.375M. The balance of the loan to be repaid on August 14, 2024 will be \$10.125M.

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 annum until the restart of the Beaufor and Beacon facilities. The restart will be considered as proven with a proof of production of 1,150 ounces of gold over 30 rolling day at the Beacon mill, with ore coming exclusively from the Beaufor mine.
- 5% per year for the first year of production, paid quarterly.
 - o 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
 - o a 90-day rolling production record of 8,000 ounces of gold at the Beacon mill, using ore exclusively from the Beaufor mine
 - o earnings before interest, taxes, depreciation and amortization ("EBITDA") over 12 months of \$8 million
- 4% annual 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 on restart of Beaufor and Beacon facilities (same condition as for 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

REVIEW OF PRODUCTION ACTIVITIES

<i>(In dollars)</i>	THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
Exploration and evaluation expenses	
Beaufor mine	1,729,695
McKenzie Break	1,420,474
Exploration and evaluation	3,150,169
Capitalized exploration and evaluation expenses	1,420,474
Exploration and evaluation expenses	1,729,695

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

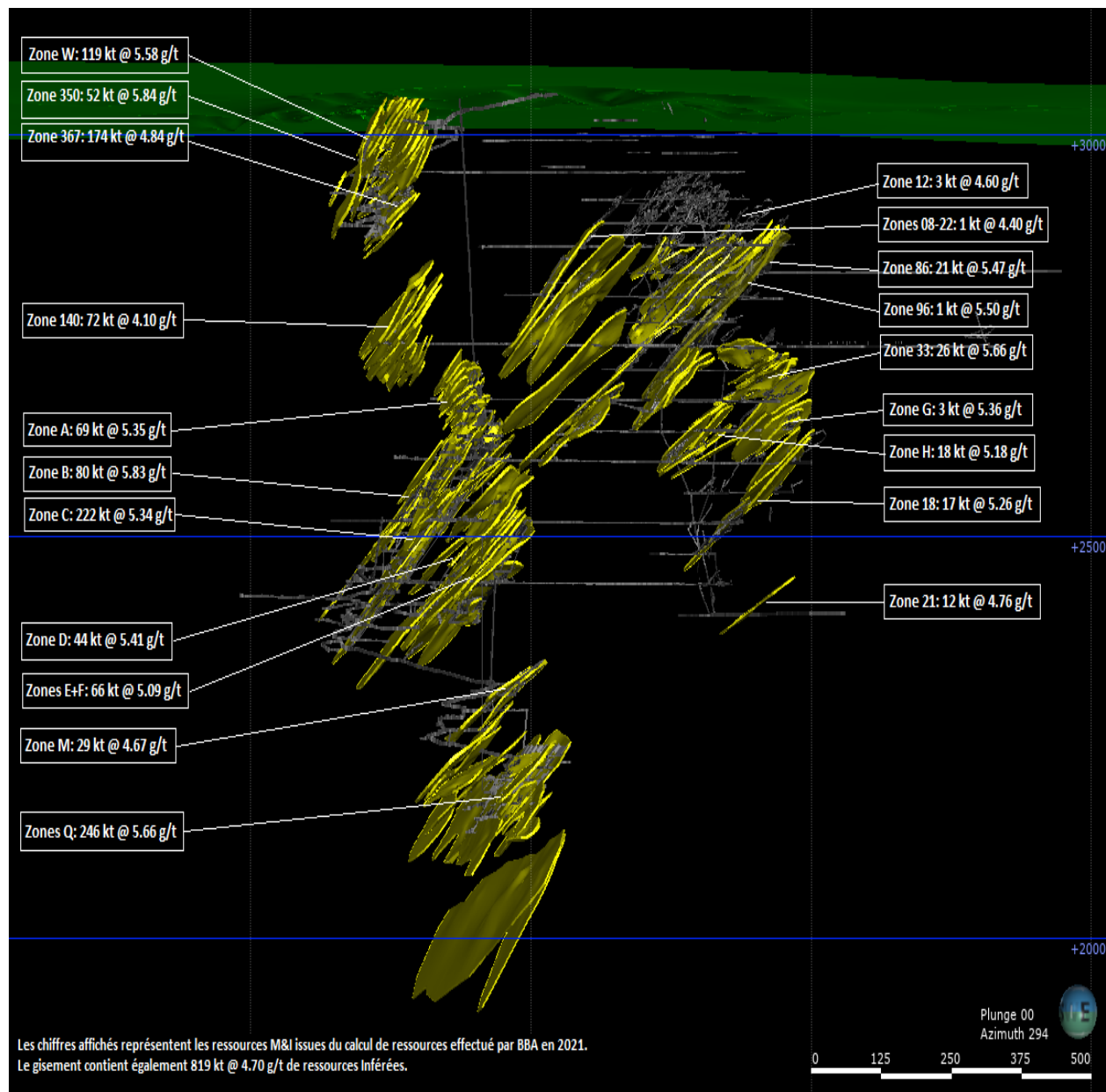
Monarch has decided to proceed with work to restart operations, primarily due to positive drilling results, the current gold price, the proposed production strategy and the financing. Monarch does not base its production decision on a mineral reserve feasibility study demonstrating the economic and technical viability of the project.

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.

Following the recent financings, the recalculation of resources and various internal analysis on the Beaufor mine and the Beacon mill, the Company switched to development mode for these two facilities during the current quarter. As a result, investments are capitalized to property, plant and equipment when required.

Exploration

In 2020, one of the most important exploration programs on the Beaufor property was started 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 focus on underground targets close to the mine, as defined by the recent 3D modelling. These holes allow the testing of 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 aims to test 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 aims 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.

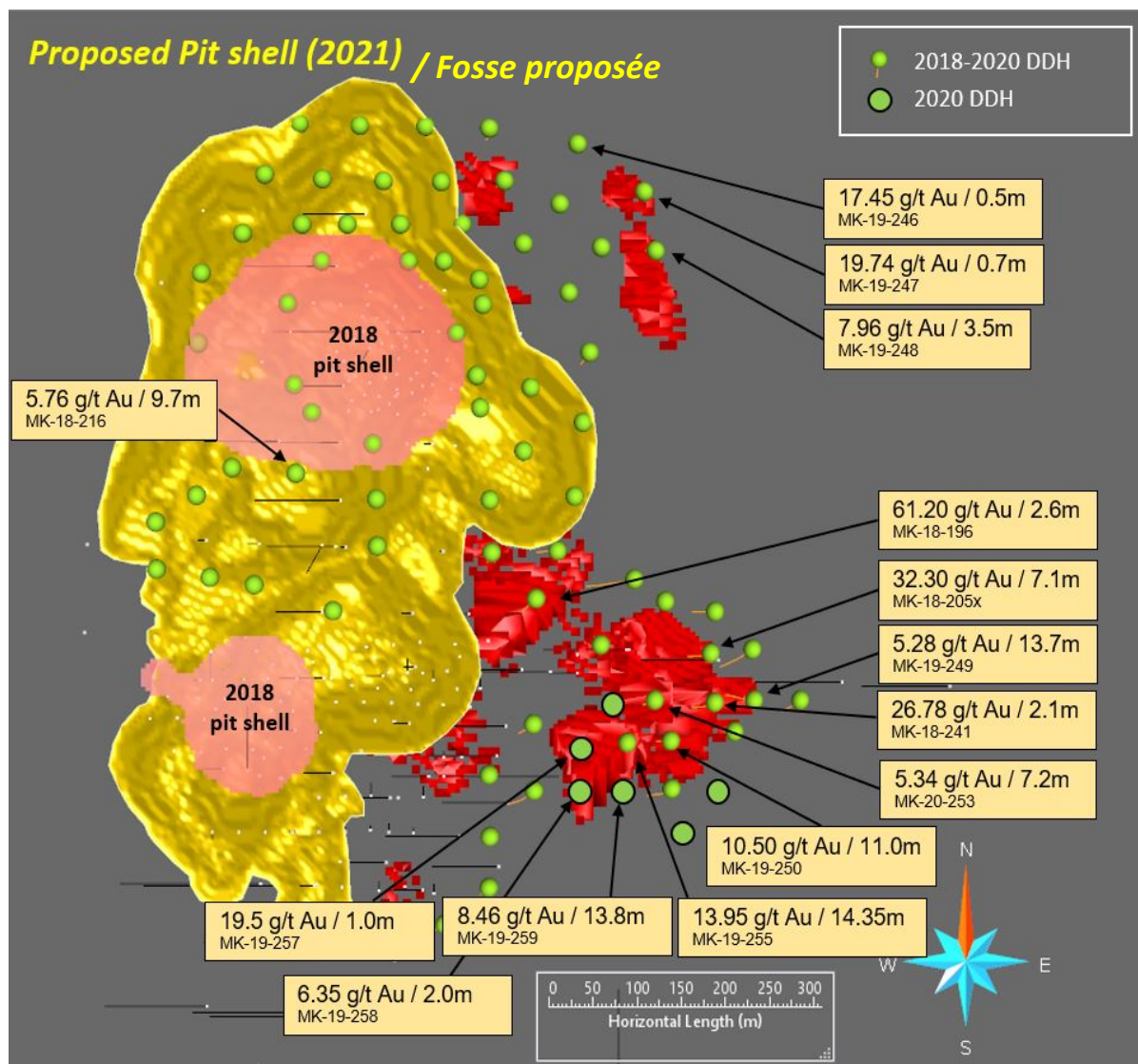
McKenzie Break

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 Monarques Gold Corporation acquired the property in 2017, 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



Note: The width shown is the length of the core. True thickness is estimated to be 80-85% of the core length. The sampling procedure involves sawing the NQ-sized core into equal halves along its major axis and shipping one of the halves to AGAT Laboratories in Mississauga, Ontario for analysis. Samples are crushed, pulverized and fire-assayed, with an atomic absorption finish. Results exceeding 3.0 g/t Au are re-assayed by the gravimetric method, and samples containing visible gold grains are assayed by the metallic sieve method. Monarch uses a comprehensive QA/QC protocol, including insertion of standards, blanks and duplicates.

The Company is planning a drilling campaign by December 31, 2022 with the funds available from the flow-through financing. An update of the resources should then be done. Thereafter, the Company will be in a position to judge the next steps for the advancement of the project.

Croinor Gold

Monarch holds a 100% interest in the Croinor Gold property, which includes a mining lease for a total of 337 claims covering an area of 151.88 km². The property is located approximately 55 km east of Val-d'Or (75 km by road) and 27 km east of Louvicourt, the nearest village.

The Company is looking for a partner to advance the project.

HISTORICAL MINERAL RESOURCE ESTIMATE

	Tonnes (metric)	Grade (g/t Au)	Ounces
Croinor Gold^{1,2}			
Measured Resources	80,100	8.44	21,700
Indicated Resources	724,500	9.20	214,300
Total Measured and Indicated	804,600	9.12	236,000
Total Inferred	160,800	7.42	38,400

¹ Source: Monarch Gold prefeasibility study (January 19, 2018) and resource estimate (January 8, 2016). This resource was completed for Monarch Gold 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. In addition, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; therefore, Monarch is not treating the historical estimate as current mineral resources or mineral reserves.

² Numbers may not add due to rounding.

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.

The Company is planning a drilling campaign by December 31, 2022 with the funds available from the flow-through financing. A resource update should then be performed. Thereafter, the Company will be in a position to judge the next steps for the advancement of the project

FINANCIAL POSITION

<i>In dollars)</i>	AS AT SEPTEMBER 30 2021	AS AT JUNE 30, 2021	EXPLANATIONS OF VARIATIONS
Current assets	36,598,013	22,750,973	Current assets are mainly attributable to funds from a business combination under common control, the issuance of shares, the sale of royalties and the proceeds of a term loan.
Non-current assets	52,566,403	41,673,500	Non-current assets are mainly attributable to asset transfers from a business combination under common control, acquisitions of property, plant and equipment and restricted cash.
Total assets	89,164,416	64,424,473	
Current liabilities	8,585,980	5,262,368	Current liabilities consist mainly of accounts payable from exploration activities and acquisition to property, plant and equipment related to the rehabilitation of installations partially offset by the cancellation of the royalty buy-back option.
Non-current liabilities	27,588,084	9,349,724	The non-current liabilities are mainly attributable to a new term loan, royalties buy-back options, financial liability on tons milled, income and deferred mining taxes and asset retirement obligations.
Total liabilities	36,174,064	14,612,092	
Shareholders' equity	52,990,352	49,812,381	Shareholders' equity increased primarily as a result of net earnings realized during the quarter.

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 September 30, 2021, the Company had \$27.4 million in cash and cash equivalents and \$6 million in restricted cash. Of the cash and cash equivalents, \$2.6 million is reserved for exploration and evaluation expenditures.

Financing sources

Sources of equity and debt financing 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
August 14, 2021	Term loan	Loan	13,500,000	The funds will be used primarily to advance the projects.
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>		THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
Net cash position from		
Operating activities		(4,636,634)
Financing activities		14,618,080
Investing activities		(3,002,313)
Increase in cash and cash equivalents		6,979,133
Cash and cash equivalents at beginning of the period		20,480,457
Cash and cash equivalents at end of the period		27,459,590

Operating activities

During the quarter ended September 30, 2021, cash flow from operating activities used \$4.6 million mainly due to exploration costs at the Beaufor mine and administration costs incurred.

Financing activities

For the three-month ended September 30, 2021, cash flows from financing activities generated \$14.6 million mostly from financings, being a term loan and a royalty sale, partially offset by financing fees.

Investing activities

Cash flow from investing activities used \$3 million due to exploration expenses and property, plant and equipment acquisitions directly related to the Beaufor mine and Beacon mill reclamation.

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)	SEPTEMBER 30 2021	JUNE 30 2021	MARCH 31 2021
Administrative expenses	1,915,029	1,176,022	585,444
Care and maintenance expenses	-	1,794,899	962,859
Beaufor exploration expenses	1,729,695	2,229,013	1,242,142
Deferred income taxes and mining taxes (recovery)	1,740,726	(1,790,126)	(23,219)
Net earnings (net loss)	2,843,374	(2,837,751)	(2,760,651)
Basic and diluted net earnings (net loss) per share	0.04	(0.04)	(0.05)
Cash and cash equivalents	27,459,590	20,480,457	19,013,624
Working capital	28,012,033	17,488,605	19,168,520
Total assets	89,164,416	64,424,473	61,211,859
Operating activities	(4,636,634)	(3,834,490)	(1,631,549)
Financing activities	14,618,080	6,076,970	4,536,744
Investing activities	(3,002,313)	(775,647)	16,108,429

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 NOVEMBER 9, 2021
Common shares issued	78,039,009
Restricted share units	1,475,500
Share purchase options (average exercise price: \$1.00)	2,378,000
Warrants of the Company (average exercise price: \$1.05)	4,159,750
Replacement Monarch warrants (average exercise price: \$0.05)	10,926,291
Broker warrants (average exercise price: \$1.02)	706,229
Indenture warrants of Monarch Gold Corporation	10,042,000

RELATED PARTY TRANSACTIONS

During the three-month period ended September 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.

	THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
	\$
Salaries, directors' fees and other benefits	204,516
Shares-based compensation	89,573
Defined contribution plan	11,308
Government plans	10,433
	315,830

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 September 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	<ul style="list-style-type: none"> ➤ 1.5% ➤ 2.5% (1.25% redeemable for \$2M)
McKenzie Break	<ul style="list-style-type: none"> ➤ 1.5% (0.5% redeemable for \$750,000) ➤ 2.5% (1.25% redeemable for \$2M)
Swanson	<ul style="list-style-type: none"> ➤ 1.5% (0.5% redeemable for \$750,000) ➤ 2.0% (1% redeemable for US\$1M) ➤ 2.5% (1.25% redeemable for \$2M)
Beacon	<ul style="list-style-type: none"> ➤ \$2.50 per tonne milled from the Beaufor property

B) Flow-through shares

During the three-month period ended September 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	FLOW-THROUGH SHARE	
			FUNDS RESERVED AS AT SEPTEMBER 30, 2021	LIABILITY AS AT SEPTEMBER 30, 2021
	\$		\$	\$
March 4, 2021	5,081,721	December 31, 2022	2,561,578	1,039,481

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 and changes are presented in the condensed interim financial statements for the three-month period ended September 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 July 1, 2021 to September 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

David Langlois, Ing., PMP
Vice President, Evaluation and Planning

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*

LEGAL COUNSEL

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