



MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED

JUNE 30, 2022 AND 232-DAY PERIOD ENDED JUNE 30, 2021

MONARCH MINING CORPORATION

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Management's discussion and analysis

Year ended June 30, 2022 and 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 28, 2022, is intended to assist the reader in becoming more familiar with the Company's activities. It explains, among other things, the changes in financial position and results of operations for the three-month period and year ended June 30, 2022, and compares the statements of financial position as at June 30, 2022 and 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 28, 2022. 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 that relate to future events or future performance and reflect management's expectations and assumptions regarding the Company's 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 may be identified by words such as "may", "will", "should", "expect", "intend", "aim", "attempt", "anticipate", "believe", "study", "target", "estimate", "forecast", "predict", "outlook", "mission", "aspires", "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, expected operations and performance of the Beaufor Mine, McKenzie Property, Croinor Property, Swanson Property and Beacon Mill, economic performance and product development efforts, and achievements of milestones, including the ability to secure sufficient financing for the Beaufor Mine Project and Beacon Mill Project, are, or involve, forward-looking statements.

Forward-looking statements are based on reasonable assumptions made by the Company as of the date of such statements and are 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 gold prices and the factors discussed in the section entitled "Risk Factors" of this MD&A. The forward-looking information contained in this MD&A includes, among other things, information regarding: the Company's development activities and production plans, including the operation of the Beaufor Mine, McKenzie Break Property, Croinor Gold Property, Swanson Property and Beacon Mill; the impact of the COVID-19 pandemic ("COVID-19") on the Company's operations; the Company's future prospects, corporate development and strategy; the Company's projected capital and operating expenditures; mineral resource and mineral reserve estimates; government regulation of mining operations, environmental regulation and compliance; the ability to obtain sufficient financing and permits required for the development of the Beaufor Mine Project and the Beacon Mill Project; and business opportunities that become available or are pursued by the Company.

Forward-looking statements are based on assumptions that management believes are reasonable, including, but not limited to: general business and economic conditions; direct operational impacts resulting from infectious diseases or pandemics such as the COVID-19 pandemic; supply and demand, shipments, price levels and volatility of gold commodities; the speculative nature of exploration and mine development; changes in mineral production performance, operating and exploration successes; the risk that exploration data may be incomplete and that additional work may be required to complete further evaluation, including, but not limited to, drilling, engineering and socio-economic studies and investments; the timing of receipt of necessary permits and regulatory and governmental approvals for the Beaufor Mine and Beacon Mill 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 operating materials and 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 and the Beacon Mill; the ability to attract and retain qualified personnel; development and production schedules; competitive and market risks; pricing pressures; the accuracy of the Company's mineral resource and mineral reserve estimates and the geological, operational and pricing assumptions on which they are based the fact that certain business improvement initiatives are still in the early stages of evaluation and that additional engineering and analysis is required to fully assess their impact the fact that certain initiatives described in the AIF are in their early stages and may not materialize; business continuity and crisis management; and other assumptions and factors 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 cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements 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 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

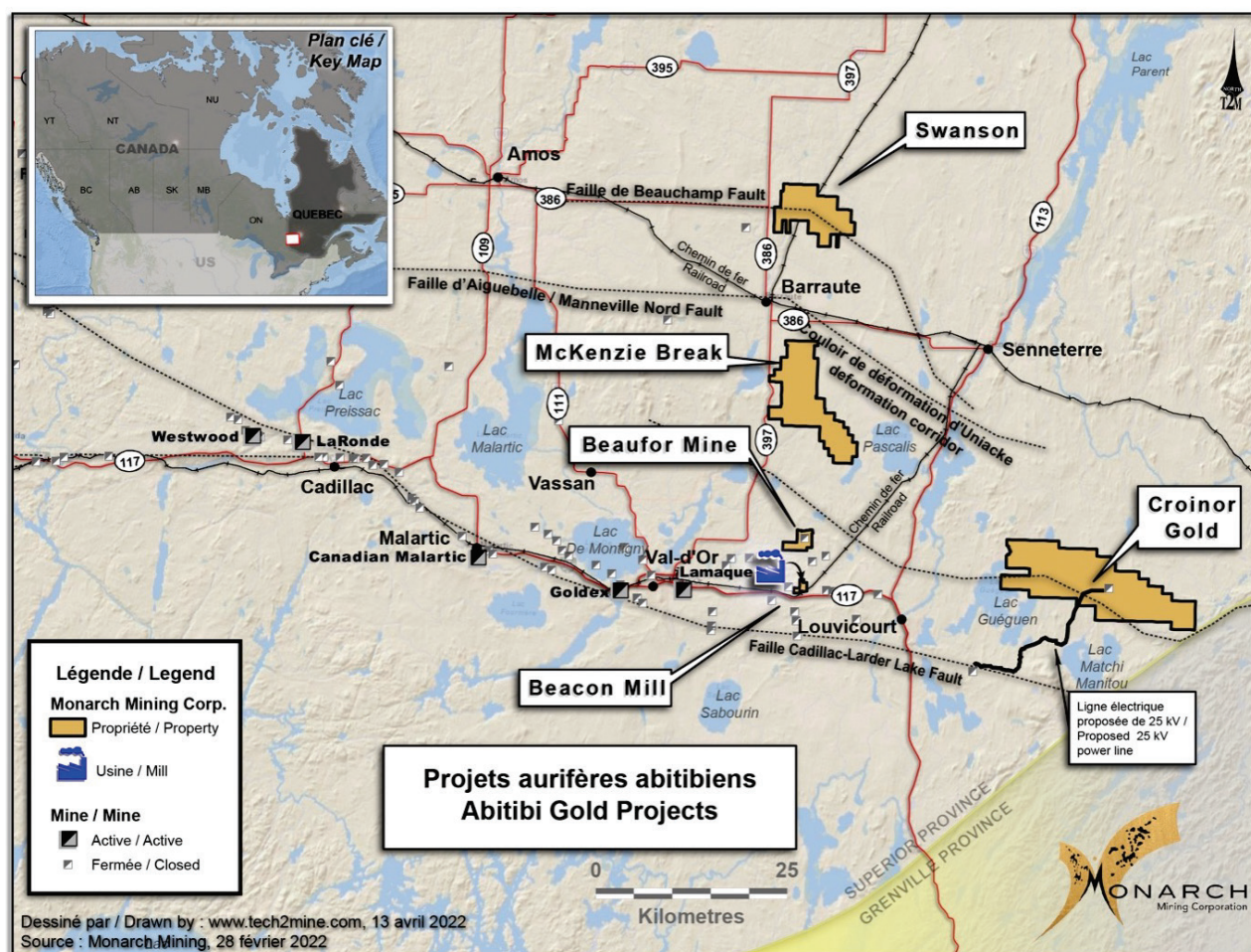
Monarch is a fully integrated gold mining company with four projects, namely the Beaufor, Croinor Gold, McKenzie Break and Swanson projects, all of which are located in close proximity to the wholly owned 750 tpd Beacon Mill. Monarch owns over 295 km² of mining assets in the prolific Abitibi mining camp, representing a combined portfolio of 666,882 ounces of measured and indicated gold resources and 423,193 ounces of inferred resources.

Monarch was created as a result of the 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 its head office is 68, avenue de la Gare, Suite 205, Saint-Sauveur, Quebec, J0R 1R0. The securities 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, 2022, TO DATE OF REPORT

- On September 27, 2022, the Company announced that it has suspended its operations at the Beaufor Mine due to financial and operational challenges. The mine will be placed on care and maintenance for an undetermined period. Following a review of its operations, the Corporation received confirmation of continuing significant discrepancies between the reported grade of the material mined at Beaufor and the grade of material processed at the Beacon Mill, which is causing continued lower cash flow from operations than expected and generating insufficient funds for the Corporation to continue its operations. The Corporation intends to continue to process the estimated stockpile of 20,000 tonnes to generate funds prior to placing the Beacon Mill on care and maintenance. In addition, the Corporation is planning to start a complete review of identified issues, including stockpile management and its mining methods in finding solutions to resolve the dilution issues. The Corporation has started a strategic review of its assets and operations. Monarch is currently working closely with its lenders, suppliers, customers and potential investors to develop a strategy to fund its activities.
- On September 26, 2022, the Company announced that it had filed a NI 43-101 compliant technical report for its Croinor Gold project on SEDAR. The technical report for the Croinor Gold project presents a measured and indicated mineral resource estimated at 903,600 tonnes averaging 6.47 g/t Au for a total of 187,900 ounces of gold and an inferred mineral resource estimated at 200,100 tonnes averaging 6.19 g/t Au for a total of 39,800 ounces
- On September 13, 2022, the Company announced the initial assays from its 2022 ongoing drilling program on its McKenzie Break gold project. The first 11 holes of the 2022 drilling program were focused on expanding the proposed pit to the west, on the up-dip side of the currently defined mineralization, as well as to fill in the larger of the 50+m gaps between holes within the proposed pit limits. The holes generally tested the shallowly dipping mineralized horizon to a maximum depth of 100 m below surface, sometimes intersecting several overlying lenses. The best intersection graded 5.69 g/t Au over 9.69 m, including 42.6 g/t Au over 0.95 m, from surface in hole MK-22-326A, which was drilled to fill a gap in an area that had no historical drill holes within 60 m. The hole also intersected additional mineralized intersections including 7.5 g/t Au over 1.38 m and 3.75 g/t Au over 1.45 m. Other notable near surface intersections on the west side of the proposed pit included 35.15 g/t Au over 0.95 m (MK-22-327), 16.50 g/t Au over 0.78 m (MK-22-329) and 7.75 g/t Au over 2.54 m and 28.20 g/t Au over 0.66 m (MK-22-334).
- On September 8, 2022, the Company announced additional results from its Swanson project. Hole SW-22-022 intersected an impressive 7.83 g/t Au over 8.82 m within a much wider zone of 0.99 g/t Au over 237.82 m. Other notable high-grade intersections include 10.25 g/t Au over 0.50 m (SW-22-018), 7.07 g/t Au over 1.95 m and 11.05 g/t Au over 1.0 m (SW-22-020). The Swanson deposit is currently being tested to a vertical depth of 430 m.
- On August 31, 2022, the Company announced its decision to reduce mining operations at its Beaufor Mine. The restart and ramp-up of the Beacon Mill has been slower than expected and availability for the months of July and August was approximately 50% of its 750 tonnes per day ("tpd") capacity. The ramp-up was affected by a number of mechanical and supply issues, as well as technical issues related to reconciling the grade of the material stockpile already on site at Beacon Mill, which included a low-grade pile and development material that turned out to be lower grade than expected. As a result, cash flow from processing operations was lower than anticipated. Due to short-term liquidity constraints, the Company decided to reduce production activities at the Beaufor Mine. During this period, the Company will work on optimizing its mining method in order to reduce dilution.

- On August 30, 2022, the Company announced the high-grade results from the 2021-2022 drilling program on its Swanson gold project. The most recent results are from hole SW-22-023, which tested the down-dip continuity of the Swanson deposit to a vertical depth of 360m. The hole intersected three of the interpreted mineralized lenses, all beyond the current interpreted envelope delineations used in the 2021 mineral resource estimate. Mineralized intersections included 7.21 g/t Au over 1.0 m, 2.5 g/t Au over 7.65 m and 117.91 g/t Au over 2.0 m, with the two lower zones contained within a 13.5 m intersection averaging 18.18 g/t Au.
- On August 11, 2022, the Company announced the results of its 2022 mineral resource estimate for its Croinor Gold project. The mineral resource estimate shows a measured and indicated resource of 903,600 tonnes at an average grade of 6.47 g/t Au for a total of 187,900 ounces of gold, and an inferred resource of 200,100 tonnes at an average grade of 6.19 g/t Au for a total of 39,800 ounces.
- On July 27, 2022, the Company announced the production of its first gold bar from the Beaufor Mine and Beacon Mill.
- On July 25, 2022, the Company announced additional results from its 2021-2022 drilling program on its Beaufor project. The results received are from the W and 140 zones of the upper level of the Beaufor Mine, and include 37.59 g/t Au over 2.5 m, 29.79 g/t Au over 2.45 m, 21.7 g/t Au over 2.87 m, 10.09 g/t Au over 3.6 m, 418.0 g/t Au over 0.63 m and 67.1 g/t Au over 1.1 m.
- On July 19, 2022, the Company announced the second set of results from its 2021-2022 drilling program on its Swanson gold project. The Company continued to intersect impressive thicknesses of gold mineralization to the north and at depth below the current pit shell, with 0.92 g/t Au over 225.25 m (SW-22-010), 0.97 g/t Au over 174.00 m (SW-22-009) and 1.03 g/t Au over 158.85 m (SW-22-014). Definition drilling within the proposed pit limits to better define the style and continuity of the gold mineralization returned 1.93 g/t Au over 61.7 m, including 4.43 g/t Au over 19.70 m (SW-22-013).
- On July 5, 2022, the Company announced the start of milling a 530 tonnes batch of mineralized material at the Beacon Mill.

HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2022

- On June 16, 2022, the Company announced additional results from its 2021-2022 drilling program at the Beaufor Mine. The results are from the Q Zone located on the lower level of the Beaufor Mine and include 122.0 g/t Au over 1.4 m, 20.74 g/t Au over 3.3 m, 83.2 g/t Au over 0.5 m and 18.87 g/t Au over 1.2 m.
- On June 8, 2022, the Company contracted an additional loan of \$5 million with Investissement Québec.
- On June 7, 2022, the Company announced the results of the final 13 holes of its 2021 drilling program on the McKenzie Break deposit. The 2021 drilling program consisted of 54 holes for a total of 18,632 metres. Results from the final 13 holes returned several high-grade intersections, including 19.12 g/t Au over 1.9 m, 41.0 g/t Au over 0.5 m, 11.9 g/t Au over 1.5 m and 16.7 g/t Au over 0.89 m.
- On April 6, 2022, the Company closed a private placement totalling \$14,400,000. The offering consists of the issuance of 24,000,000 units of the Company at a price of \$0.60 per unit. Each unit consists of one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$0.95 for a period of 60 months from the date of issuance.

- On March 30, 2022, the Company released assay results from the first seven holes of its 2021-2022 drilling program on its Swanson gold project totalling 1,782 metres. The best assay results include 27.79 g/t Au over 10.18 m, including 184.5 g/t Au over 1.5 m (SW-22-006), intersected at a vertical depth of 195 m below surface. A second high-grade intersection included 29.4 g/t Au over 1.2 m and 8.5 g/t Au over 0.52 m in a wider zone of 2.63 g/t Au over 18.52 m (SW-21-004) from the westernmost hole of the program. The objective of the drilling program is to expand the boundaries of the defined mineralized zones in all directions beyond the currently proposed and defined pit envelope.
- On March 29, 2022, the Company announced the closing of an agreement with Gold Royalty Corp. relating to the sale of an additional \$1.25 per tonne royalty on the Beacon Mill, the sale of an additional 0.25% net smelter return royalty and the elimination of the 1.25% royalty buy-back options on each of the Croinor Gold, McKenzie Break and Swanson properties, in exchange for a cash payment to the Company of \$4.5 million.
- On March 17, 2022, the Company announced high-grade assays from its 2021 underground drilling program at the Beaufor Mine, which include 19.05 g/t Au over 6.8 m, including 12.56 g/t Au over 1.4 m and 54.68 g/t Au over 2.0 m (BEU-21-30-032). These diamond drill results confirm the continuity over at least 150 m to the west and 150 m down dip of the mineralized zone in the Q Zone.
- On February 10, 2022, the Company announced assays from its 2021 underground drilling program at the Beaufor Mine, which included high-grade intersections of 52.19 g/t Au over 2.1 m, 44.9 g/t Au over 1.4 m, 16.97 g/t Au over 3.6 m and 57.0 g/t Au over 0.8 m.
- On February 9, 2022, the Company announced the signing of an amendment to the 1% net smelter return royalty agreement on gold production at the Beaufor Mine owned by Metalla Royalty & Streaming Ltd ("Metalla"). In consideration for a cash payment of US\$1 million to Monarch, the clause stipulating that the royalty will be waived until 100,000 ounces of gold have been produced following Monarch's acquisition of Beaufor will be deleted, making the agreement effective immediately for both parties.
- On February 4, 2022, the Company announced that it had entered into an agreement with Triple Flag Precious Metals Corp ("Triple Flag") whereby Triple Flag acquired an additional 0.75% net smelter return royalty on gold production from the Beaufor Mine as well as the cancellation of the 1% reduction provided in a previous agreement for cash consideration of \$4.5 million.
- On February 3, 2022, the Company announced that it had received a final cash payment of \$3.75 million from Gold Royalty Corp. in connection with the sale of royalties on the Beacon, Croinor Gold, McKenzie Break and Swanson properties.
- On January 20, 2022, the Company released the final results of its 2021 surface drilling program on its Beaufor Mine gold project. The results revealed several high-grade assays such as 46.29 g/t Au over 1.3 m (including 99.7 g/t Au over 0.6 m), 9.71 g/t Au over 2.5 m (including 33.1 g/t Au over 0.5 m), 29.8 g/t Au over 0.7 m and 28.1 g/t Au over 0.5 m. Much of the surface drilling consisted of shallow holes testing the W and 350 zones within 250 metres of surface.
- On December 23, 2021, the Company received a final receipt for the short form base shelf prospectus filed with the securities regulatory authorities in all the provinces of Canada (except the territories), allowing it to offer for sale and issue common shares (including common shares issued on a flow-through basis), debt securities, subscription receipts, warrants and units of the corporation or any combination thereof, up to an aggregate total of \$100 million from time to time during the 25-month period that the shelf prospectus remains effective. The Company has filed the prospectus to have the ability to react quickly to market opportunities.

- On December 23, 2021, the Company announced that it had completed the accreditation process and been officially granted the Concilivi Seal by the Concilivi decision committee, for its work-life balance best practices.
- On December 2, 2021, the Company announced that it had intersected near-surface high-grade gold mineralization on its McKenzie Break property, 200 metres southwest of the current pit envelope, with 73.5 g/t Au over 1.35 m, expanding the McKenzie Break deposit to the southwest.
- On November 22, 2021, the Company announced the closing of a non-brokered private placement for aggregate gross proceeds of \$5,992,941. The offering consisted of the issuance of 6,658,823 flow-through common shares of the Company at a price of \$0.90 per share.
- On November 1, 2021, the Company announced 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 on its McKenzie Break property 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 m, 3.93 g/t Au over 5.45 m and 1.52 g/t Au over 8.80 m.
- On August 24, 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, an indicated mineral resource of 956,400 tonnes grading 5.2 g/t Au for a total of 159,300 ounces, and an inferred resource of 818,900 tonnes grading 4.7 g/t Au for a total of 122,500 ounces.
- On August 14, 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 to be made after six months.

MINERAL 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
Croinor Gold²			
Measured Resources	97,700	6.24	19,600
Indicated Resources	805,900	6.50	168,300
Total Measured and Indicated	903,600	6.47	187,900
Total Inferred	200,100	6.19	39,800
McKenzie Break³			
<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
Swanson⁴			
<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			666,882
Measured and Indicated Resources			423,193
Inferred Resources			243,689

¹ Source: NI 43-101 Technical Report and Mineral Resource Estimate for the Beaufor Mine Project, October 13, 2021, Val-d'Or, Quebec, Canada, Charlotte Athurion, P. Geo, Pierre-Luc Richard, P. Geo, Dario Evangelista, P. Eng, BBA Inc. Date of resource calculation: July 23, 2021.

² Source: NI 43-101 Technical Report and Mineral Resource Estimate for the Croinor Gold Project, June 17, 2022, Val-d'Or, Quebec, Canada, Olivier Vadnais-Leblanc, P.Geo., Carl Pelletier, P.Geo. and Eric Lecomte, P.Eng. Date of resource calculation: June 17, 2022.

³ Source : NI 43-101 Technical Assessment Report on the McKenzie Break Property, October 14, 2021, Val-d'Or, Quebec, Canada, Alain-Jean Beauregard, P.Geo, Daniel Gaudreault, P.Eng, of Geologica Groupe-Conseil Inc. and Merouane Rachidi, P.Geo, Claude Duplessis, P.Eng, of GoldMinds GeoServices Inc Date of resource calculation: amended October 14, 2021.

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

⁵ Numbers may not add up to total due to rounding.

OUTLOOK

The Company had reported on August 31, 2022 its decision to slow down its mining activities at the Beaufor Mine due to the slower ramp-up of the Beacon mill following a number of mechanical and procurement issues, as well as problems with the grade reconciliation of the material stockpiled, causing short-term cash restrictions.

On September 27, 2022, the Company suspended its operations at the Beaufor Mine due to financial and operational challenges and placed the mine on care and maintenance for an undetermined period.

Following a review of its operations, the Company received confirmation of continuing significant discrepancies between the reported grade of the material mined at Beaufor and the grade of material processed at the Beacon Mill, which is causing continued lower cash flow from operations than expected and generating insufficient funds for the Corporation to continue its operations.

The Company intends to continue to process the estimated stockpile of 20,000 tonnes to generate funds prior to placing the Beacon Mill on care and maintenance. In addition, the Company is planning to start a complete review of identified issues, including stockpile management and its mining methods in finding solutions to resolve the dilution issues.

The Company has started a strategic review of its assets and operations. Monarch is currently working closely with its lenders, suppliers, customers and potential investors to develop a strategy to fund its activities.

GOING CONCERN

Since its incorporation, the Company has incurred operating losses and negative cash flows related to the operation, exploration and development of its mining properties. As at June 30, 2022, the Company has a deficit of \$26,189,018 and cash and cash equivalents of \$10,339,558 of which \$4,976,102 is committed to be disbursed related to flow-through share arrangements. As the Company is in the development stage of the Beacon Mill and the Beaufor Mine as well as in the exploration stage of its other projects, it has not yet generated income or positive cash flow from its operations. As a result, management periodically seeks financing through the issuance of shares, the exercise of warrants and share options in order to continue its operations and meet its commitments and obligations in the normal course of business. To date, the Company has financed its operations through cash received from the transaction with Yamana Gold on January 21, 2021, the issuance of shares, the sale of royalties and proceeds from the issuance of debt. Subsequent to June 30, 2022, the Company announced that it had suspended its operations at the Beaufor Mine.

The Company's ability to continue as a going concern is dependent upon restarting its mining operations, achieving its production targets, generating positive cash flow and raising additional funds to meet its current obligations, financing its remaining capital expenditures and finalizing the run-in period at the Beacon Mill.

Notwithstanding the Company's ability to obtain financing in the past, there can be no assurance that the Company will be able to obtain financing in the future, and there can be no assurance that such financing sources or initiatives will be available to the Company or that they will be available on terms acceptable to the Company.

These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the going concern basis, where assets are realized and liabilities are settled in the normal course of business, and do not reflect the adjustments that would be necessary to the carrying amounts of assets and liabilities, the amounts reported for revenues and expenses, and the classification of items in the statement of financial position if the going concern assumption were not appropriate. These adjustments could be material.

KEY FINANCIAL DATA

<i>(In dollars except per-share data)</i>	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
Operating expenses	(12,473,263)	—
Administration expenses	(8,902,910)	(1,761,466)
Exploration expenses	(3,646,827)	(3,471,155)
Care and maintenance	—	(2,757,758)
Revaluation of financial liabilities on tonnes milled at the Beacon Mill	(972,621)	—
Gain on disposal of assets	16,259,338	—
Impairment of property, plant and equipment	(13,000,000)	—
Recovery of income taxes and deferred mining taxes	960,233	1,766,907
Net loss and comprehensive loss	(21,133,506)	(5,598,402)
Cash flows operating activities	(15,007,432)	(5,466,039)
Cash flows from financing activities	31,645,571	10,613,714
Cash flows from investing activities	(26,779,038)	15,332,782
Key per-share data		
Net loss (basic and diluted)	(0.24)	(0.12)

<i>(In dollars)</i>	JUNE 30, 2022	JUNE 30, 2021
Cash and cash equivalents	10,339,558	20,480,457
Restricted cash	6,000,000	—
Total assets	93,895,219	64,424,473
Non-current liabilities	24,009,878	9,349,724
Shareholders' equity	48,872,409	49,812,381

REVIEW OF FINANCIAL RESULTS

Rehabilitation of the Beaufor Mine and the Beacon Mill

During the year ended June 30, 2022 ("fiscal 2022"), the Company incurred expenses for the rehabilitation of installations at the Beaufor Mine and Beacon Mill.

The rehabilitation of the facilities and equipment at the Beaufor Mine was completed prior to June 30, 2022. The Company started to hoist mineralized material to surface in the fall of 2021 and as of June 30, 2022, the stockpile was estimated at approximately 31,000 tonnes. As the Beaufor Mine was ready for production in February 2022, costs incurred have been recorded in the statement of earnings, unlike the development period (prior to February 2022) when they were capitalized.

The Company did not significantly start to increase production at the Beaufor Mine until July 2022 (beginning of fiscal year 2023) following the Beacon Mill start-up testing in order not to accumulate too much inventory in the absence of financing to support the associated costs.

The restart and ramp-up of the Beacon Mill was slower than expected and availability for July and August was approximately 50% of its 750 tpd capacity. The ramp-up was impacted by a number of mechanical and procurement problems, as well as technical problems with the grade reconciliation of the stockpile already at the Beacon site, which included a low-grade pile and development material that turned out to be lower grade than expected. As a result, revenues from operations were lower than anticipated.

Due to short-term liquidity constraints, the Company decided to reduce production activities at the Beaufor Mine. Subsequently, on September 27, 2022, the Company suspended its operations at the Beaufor Mine and placed the mine on care and maintenance for an undetermined period.

Year ended June 30, 2022

Administrative expenses totaled \$8.9 million for the year ended June 30, 2022, of which \$6.8 million consisted of salaries, share-based compensation, and consulting and professional fees, primarily due to financial transactions completed during the year.

Operating expenses at the Beaufor Mine amounted to \$12.5 million for the year ended June 30, 2022. With the Beaufor Mine being ready for production since February 2022, operating costs incurred of \$5.1 million were recorded in the statement of operations whereas during the development phase they were capitalized. These costs consist of engineering, maintenance and production preparation work. In addition, the operating costs include an inventory write-off due to lower-than-expected grades. A charge of \$7.4 million was recorded for the year ended June 30, 2022 in order to value the stockpile at the lower of cost and net realizable value.

Exploration expenses amounted to \$3.6 million for the year ended June 30, 2022 and consisted primarily of drilling costs and salaries.

Gain on disposal of assets totalled \$16.3 million for the year ended June 30, 2022, of which \$16.1 million came from royalty sales. For more details, refer below in the section, "Sales of royalties".

An impairment of property, plant and equipment of \$13 million was recorded in the year ended June 30, 2022. For more details, refer below in the section, "Impairment test".

The Company recognized a recovery of differed income taxes and mining taxes of \$0.9 million mainly due to losses realized during the year.

The Company reported a net loss of \$21.1 million or \$0.24 per basic and diluted share for the year ended June 30, 2022. This loss is primarily attributable to the fact that the Company was in a start-up phase. As a result, the Company incurred significant exploration, consulting and specialized labour costs for the Beaufor and Beacon properties while maintaining operating expenses for the Beaufor Mine. In addition, an inventory write-off of \$7.4 million, and an impairment charge of \$13 million was recorded on property, plant and equipment. These expenses were partially offset by gain on disposal of assets totalling \$16.3 million for the year ended June 30, 2022.

Equity Financing

On November 22, 2021, the Company completed a flow-through financing of 6,658,823 flow-through shares at a price of \$0.90 for gross proceeds of \$5,992,941. The Company incurred share issue expenses of \$303,332 and granted 307,783 broker warrants at an exercise price of \$0.90 expiring on November 22, 2023.

On April 6, 2022, the Company completed a financing of 24,000,000 units of the Company at a price of \$0.60 for gross proceeds of \$14,400,000. Each unit consists of one common share of the Company and one warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of \$0.95 for a period of 60 months from the date of issuance. The Company paid fees of \$966,825 and granted 1,252,480 warrants to brokers at an exercise price of \$0.60 expiring on April 6, 2027.

On April 13, 2022, the Company closed a private placement of 1,250,000 common shares at a price of \$0.60 for gross proceeds of \$750,000.

Sales of royalties

Sale of royalties to Gold Royalty Corp.

On March 29, 2022, the Company sold royalties to Gold Royalty Corp. for \$4.5 million in cash. The agreement includes the following royalties:

- 0.25% on net smelter returns ("NSR") from production at Croinor, McKenzie Break and Swanson.
- \$1.25 per tonne milled at the Beacon Mill.
- Cancellation of buy-back options sold on August 5, 2021.

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

- 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 buyer for the 0.25% NSR royalty.
- Financial liability, in accordance with IFRS 9, for the contractual obligation to pay a royalty of \$1.25 on tonnes milled at the Beacon Mill.
- Cancellation of options to buy back a 1.25% NSR royalty on the Croinor, McKenzie Break and Swanson mining properties.

The proceeds of disposition were allocated to the various components based on the estimated present value of the expected cash flows on each component. The carrying value of the mining properties disposed was determined in proportion of the percentage of the estimated carrying value that was sold.

	DISPOSITION OF MINING PROPERTIES	CANCELLATION OF THE ROYALTIES BUY-BACK OPTIONS	ROYALTY ON TONNES MILLED AT THE BEACON MILL	TOTAL
	\$	\$	\$	\$
Proceeds of disposition	1,727,133	—	2,772,867	4,500,000
Carrying value sold	(161,539)	—	—	(161,539)
Liability under IFRS 9	—	—	(2,772,867)	(2,772,867)
Cancellation of the buy-back options sold on August 5, 2021	—	3,146,426	—	3,146,426
Gain on disposal recognized in earnings	1,565,594	3,146,426	—	4,712,020

Royalty amendment to Metalla & Streaming Ltd ("Metalla")

On February 9, 2022, the Company amended a 1% net smelter return royalty agreement on gold production at the Beaufor Mine owned by Metalla in consideration of a cash payment of \$1,274,100 (US\$1 million). As a result, the clause stipulating that the royalty will be waived until 100,000 ounces of gold have been produced has been removed, making the royalty effective from the first ounces of gold produced.

	DISPOSITION OF MINING PROPERTY AND MINING ASSETS UNDER CONSTRUCTION
	\$
Proceed of disposition	1,274,100
Carrying value sold	(433,361)
Gain on disposal recognized in earnings	840,739

Sale of royalties to Triple Flag Precious Metals Corp. (« Triple Flag »)

On February 4, 2022, the Company concluded an agreement with Triple Flag whereby Triple Flag acquire an additional 0.75% net smelter return royalty on gold production at the Beaufor Mine in consideration of a cash payment of \$4.5 million.

	DISPOSITION OF MINING PROPERTY AND MINING ASSETS UNDER CONSTRUCTION
	\$
Proceed of disposition	4,500,000
Carrying value sold	(1,483,904)
Gain on disposal recognized in earnings	3,016,096

Sale of royalties to Gold Royalty Corp.

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

- 2.5% on net smelter returns ("NSR") from production at Croinor, McKenzie Break and Swanson (1.25% redeemable for \$2 million 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 (Note 12) from the Caisse de dépôt et placement du Québec ("CDPQ") and the Company's existing repurchase rights relating to this 1% NSR were cancelled and removed. The carrying value of this redemption option was \$1,551,911 and was recorded as a gain on disposal of asset in the consolidated statement of net loss and comprehensive loss.

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

- 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.
- 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 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.
- Financial liability, in accordance with IFRS 9, for the contractual obligation to pay a royalty of \$2.50 on tonnes 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 carrying value of the mining properties disposed of has been determined in proportion of the percentage of the estimated carrying value that has been sold.

	DISPOSITION OF MINING PROPERTIES	ROYALTIES BUY- BACK OPTIONS	ROYALTY ON TONNES MILLED AT THE BEACON MILL	TOTAL
	\$	\$	\$	\$
Proceed of disposition	6,757,681	2,897,262	1,595,057	11,250,000
Carrying value sold	(775,305)	—	—	(775,305)
Liability under IFRS 9	—	—	(1,595,057)	(1,595,057)
Royalties buy-back options under IFRS 15	—	(2,897,262)	—	(2,897,262)
Gain on disposal recognized in earnings	5,982,376	—	—	5,982,376

Term loan

On August 14, 2021, the Company contracted a 3-year term loan with Investissement Québec ("IQ") in the amount of \$13.5 million. This loan will be repayable in equal quarterly principal payments over a period of 8 quarters beginning on the first anniversary of the loan, namely: October 1, 2022; January 1, April 1, July 1 and October 1, 2023; and January 1, April 1 and July 1, 2024. These payments totaled \$3.375 million in principal. The balance of the loan to be repaid on August 14, 2024, will be \$10.125 million.

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 days at the Beacon Mill, with material 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:
 - o proof of production of 22,500 ounces of gold over 365 rolling days at the Beacon Mill, using material sourced exclusively from the Beaufor Mine
 - o a 90-day rolling production record of 8,000 ounces of gold at the Beacon Mill, using material sourced 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, paid quarterly.

The \$13.5 million loan bears interest at 6% per annum, paid quarterly, as the restart of the Beaufor and Beacon facilities did not occur by June 30, 2022.

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

- \$2 million released on restart of Beaufor and Beacon facilities (same condition as for interest rate change).
- \$2 million released at the end of the first year of production (same condition as for the interest rate change)
- \$2 million released upon repayment of the loan.

As of the production anniversary date, a debt to earnings before income taxes, depreciation and amortization ("EBITDA") ratio of 2.0:1 and a minimum fixed charge ratio of 2:1 are required.

On June 8, 2022, the Company contracted an additional loan of \$5 million with IQ.

The additional loan is repayable no later than one year after the disbursement of the loan. The Company will repay the principal amount of the loan in consecutive monthly installments each equal to 50% of the Company's monthly net cash flow for the previous month. However, if making a principal payment would reduce cash flow to less than \$1.5 million, then the payment amount for that month would be reduced so that cash flow would be \$1.5 million. The Company would then have a one-month moratorium on the payment of the difference in the amount due.

This additional \$5 million loan bears interest at 6% per annum, paid monthly.

The same collateral and ratios required for the previous IQ loan apply for this additional loan.

Credit facility

The Company also has a \$2 million credit facility with a Canadian chartered bank bearing interest at prime rate plus 2.5%. The facility is secured by \$1 million of guaranteed investment certificates redeemable on demand and recorded in cash equivalents. An amount of \$1,046,865 at June 30, 2022 (unused at June 30, 2021) is used and is recorded as lease obligations.

Impairment of non-financial assets

Due to the delays in restarting the mining operations, the higher-than-expected restart costs and the higher mining dilution on tonnes already extracted, the Company concluded that an impairment test had to be performed at June 30, 2022 on the Beaufor mining property and its related buildings and equipment and the Beacon processing plant and its related equipment ("Beaufor / Beacon cash-generating unit (CGU) CGU"). As at June 30, 2022, the carrying amount of the Beaufor / Beacon CGU exceeded its estimated recoverable amount, resulting in an impairment charge of \$13 million.

The recoverable amount of the Beaufor / Beacon CGU as of June 30, 2022 was determined based on its value in use. The value in use was calculated based on expected future cash flows using the most recent information available and estimates, including estimates of gold production, operating and capital costs required for gold production, forecasted gold prices and foreign exchange rates, and a discount rate.

The expected cash flows were determined using an estimated inflation rate of 2.5% and a discount rate of 20%, which represents the estimated weighted average market cost of capital.

Sensitivity

The value in use may be affected by one or more variations in the assumptions used. Changes in estimates of gold production, operating and capital costs required for gold production, forecasted gold prices and foreign exchange rates, and the discount rate have the greatest impact on the valuation of the Beaufor / Beacon CGU. Thus, individually a +/- 2% change in gold production would result in a change of approximately +/- \$5.1 million in the recoverable amount, a 5% change operating and capital costs would result in a change of approximately +/- \$9.4 million in the recoverable amount, a +/- \$50 change in forecasted gold prices per ounce would result in a change of approximately +/- \$6.3 million in the recoverable amount, a +/- 2.5% change in the forecasted foreign exchange rate would result in a change of approximately +/- \$4.8 million in the recoverable amount, and a +/- 50 basis point change in the discount rate would result in a change of approximately +/- \$0.7 million in the recoverable amount.

REVIEW OF PRODUCTION ACTIVITIES

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	\$	\$
Exploration and evaluation expenses:		
Beaufor Mine	3,646,827	3,471,155
McKenzie Break	3,139,252	1,081,835
Croinor Gold	114,240	54,186
Swanson and others	1,746,683	17,387
Exploration and evaluation	8,647,002	4,624,563
Sale of royalties	(618,894)	—
Capitalized exploration and evaluation expenses	(4,381,281)	1,153,408
Exploration and evaluation expenses	3,646,827	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 under-ground mine.

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

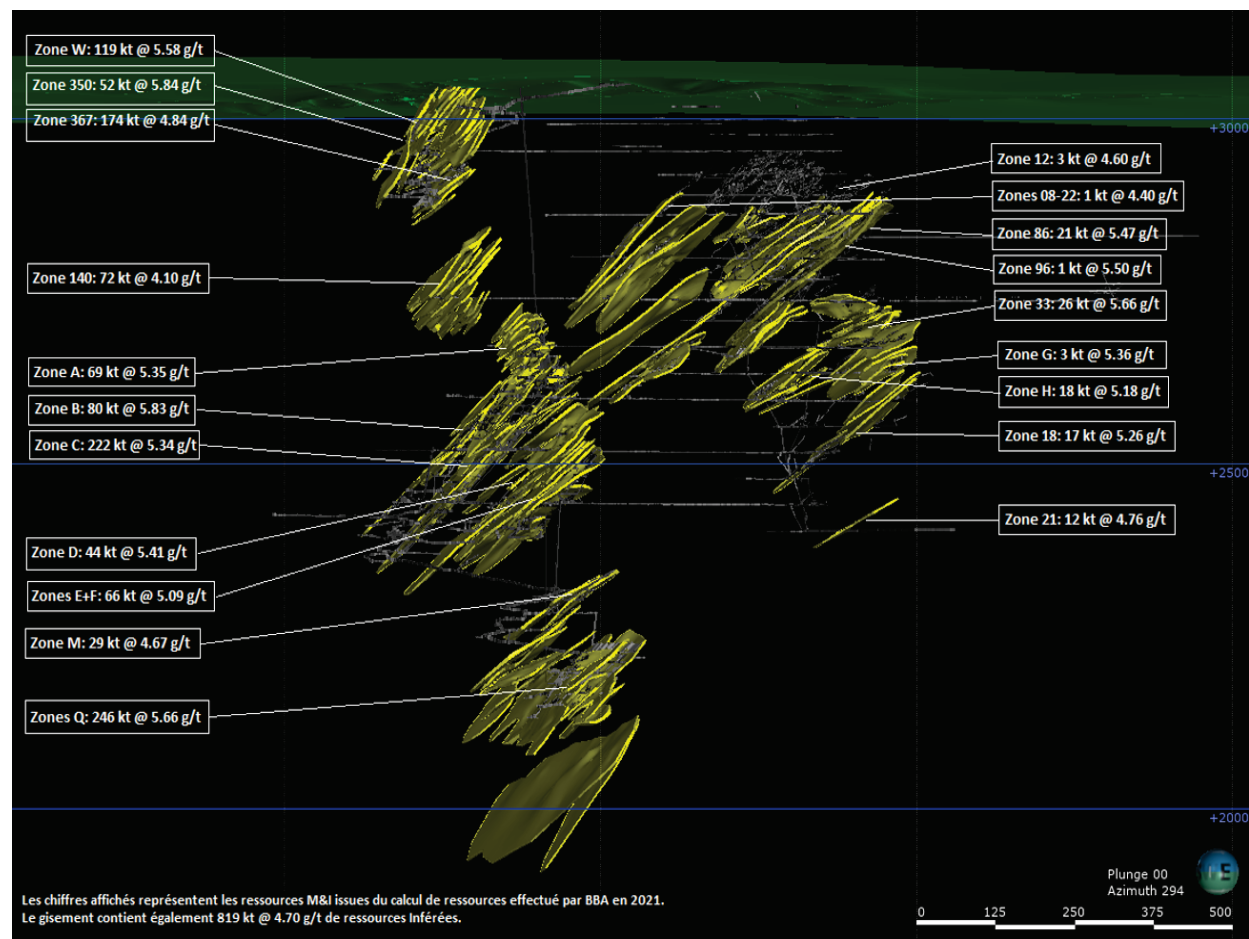


Restart

Monarch proceeded with the restart of mining operations at Beaufor and the rehabilitation of the Beacon Mill (located only 7 kilometres from the Beaufor Mine with a capacity of 750 tpd), primarily due to positive assay results from its drilling program, the gold price environment, the proposed production strategy and the realized financing. Monarch does not base its production decision on a mineral reserve and feasibility study demonstrating the economic and technical viability of the project.

The new production strategy aimed to operate the Beaufor Mine via two accesses, the production ramp and the shaft, whereas historical production has always been from the shaft only.

The July 2021 mineral resource recalculation did 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.



	Tonnes (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 (October 13, 2021). Date of resource calculation: July 23, 2021.

Following the recent financings, the recalculation of resources and the various internal analyses on the Beaufor Mine and the Beacon Mill, the Company was able to enter to the development mode for these two facilities during the year ended June 30, 2022. As a result, the investments are capitalized to property, plant and equipment.

Exploration

In June 2020, the Company initiated a 42,500 meters diamond drilling program to test two types of targets: areas around historical high-grade intersections near existing underground infrastructure, and isolated resource blocks, which are generally defined by a single drill intersection.

The Company reported a mineral resource estimate in July 2021 and filed a NI 43-101 Technical Report in September 2021, which included 153 holes totalling 17,000 meters. From June 2020 to September 2022, 423 holes totalling 57,327 metres have been drilled during the exploration and definition program.

McKenzie Break

The Company continued the exploration activities on the McKenzie Break property covering 7,848 hectares (78.5 km). Located 20 kilometers north of the Beacon Mill and 10 kilometers south of the town of Barraute, Quebec, the property is accessible year-round by Highway 397 and a gravel road and includes a 700 metres gate and ramp constructed in 2009.

McKenzie Break is a high-grade, narrow, multi-veined gold deposit hosted in a dioritic phase of the Pascalis batholith and comprising porphyry diorite and mafic and felsic volcanic rocks.

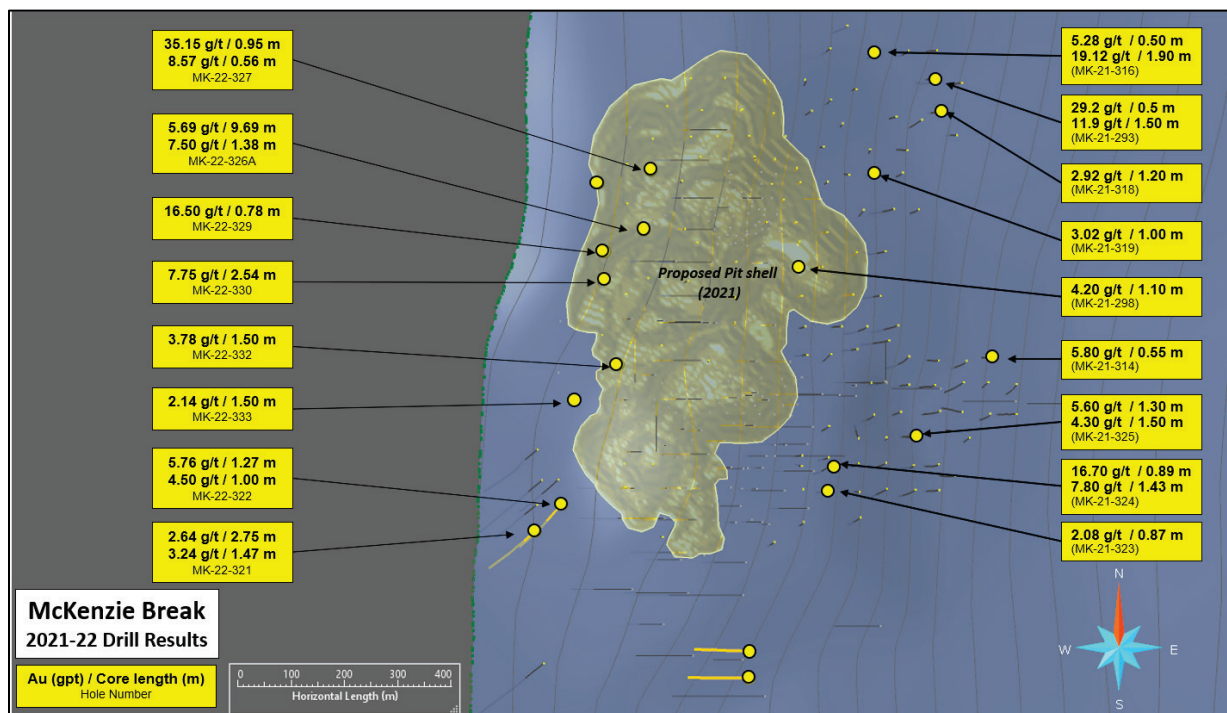
The 2022 drilling program on the McKenzie Break property began in April 2022 with three surface drills and was ended at the end of August due to short-term cash restrictions. A total of 29 drill holes were completed for a total of 6,798 metres. The goal of the program is to increase the size of the currently proposed pit in an up-dip (westward) direction and to expand the current underground resource to the east and north.

Since 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 (g/t Au)
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
MK-22-326A	273	6.0	15.69	9.69	5.69

* True thickness is approximately 85% of the indicated length of the core.

The figure below shows the results of the last drilling program conducted in 2021 and 2022.



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 consists of sawing the NQ size 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 atomic absorption finishing. 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 the insertion of standards, blanks and duplicates.

Croinor Gold

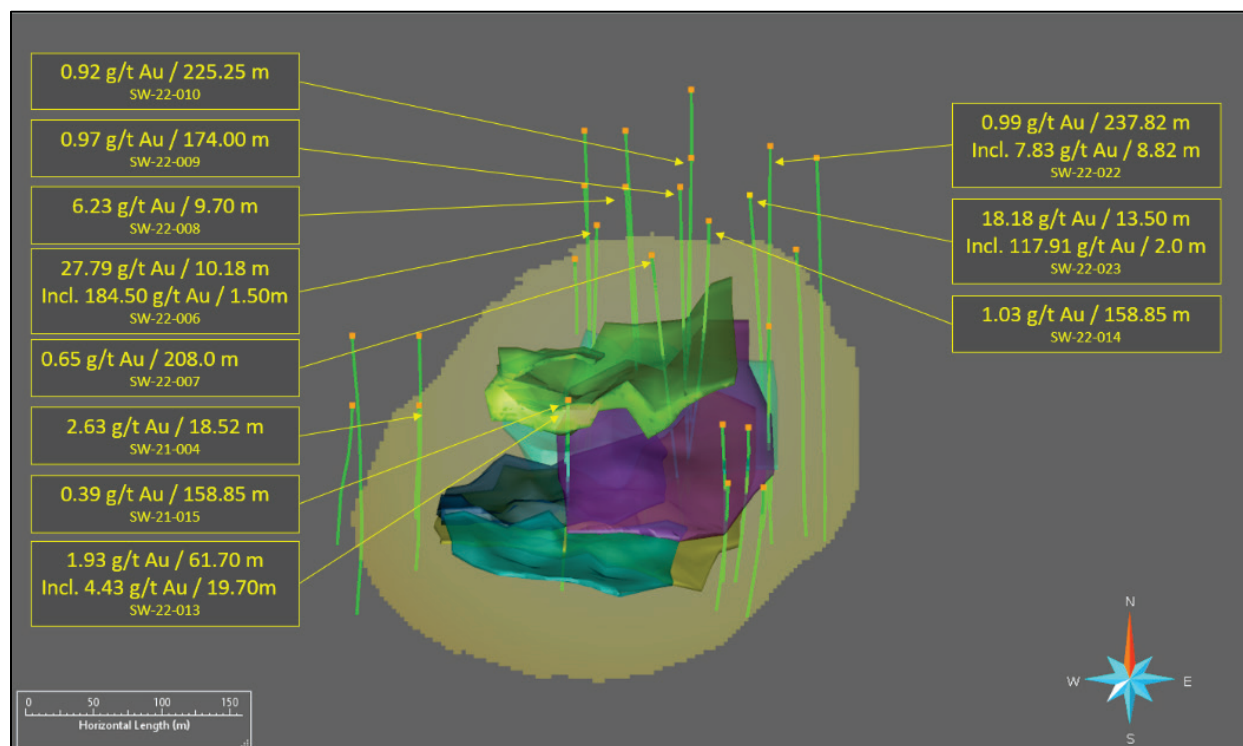
Monarch holds a 100% interest in the Croinor Gold property, which includes a mining lease for a total of 337 claims covering an area of 15,188 ha (151.88 km²). The property is located approximately 55 km east of Val-d'Or (75 km by road) and 27 km east of Louvicourt, the nearest village.

On August 11, 2022, the Company released a mineral resource estimate for the Croinor Gold property and filed the NI 43-101 Technical Report on September 26, 2022.

The Company is in the process of searching for a new investor to advance the project forward.

Swanson

Monarch holds a 100% interest in the Swanson property, which consists of a mining lease plus a total of 129 claims covering an area of 5,211 ha (52.11 km²). On January 22, 2021, the Company reported a NI 43-101 compliant in-pit resource of 105,400 ounces of gold 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 commenced a drilling program in December 2021 of approximately 5,000 metres. Based on initial positive results, the Company increased its drilling program to 11,277 metres. The program was ended at the end of August due to short-term cash restrictions. The table below presents the significant assay results obtained from this campaign to September 8, 2022:

Survey	From (m)	To (m)	Width (m) *	Grade Au (g/t)
SW-21-004	100.80	119.32	18.52	2.63
SW-22-006	219.82	230.00	10.18	27.79
<i>including</i>	226.00	227.50	1.50	184.50
SW-22-007	126.00	334.00	208.00	0.65
SW-22-008	284.00	293.70	9.70	6.23
SW-22-009	250.50	424.50	174.00	0.97
SW-22-010	236.35	461.60	225.25	0.92
SW-22-013	16.60	78.30	61.70	1.93
<i>including</i>	58.00	77.70	19.70	4.43
SW-22-014	241.95	400.80	158.85	1.03
SW-22-015	16.80	175.65	158.85	0.39
SW-22-023	228.50	253.00	24.50	1.33
SW-22-023	411.00	424.50	13.50	18.18
<i>including</i>	411.00	413.00	2.00	117.91
SW-22-022	267.18	505.00	237.82	0.99
<i>including</i>	267.18	276.00	8.82	7.83

* True thickness is approximately 85% of the indicated length of the core.

FINANCIAL POSITION

<i>(In dollars)</i>	AS AT JUNE 30, 2022	AS AT JUNE 30, 2021	EXPLANATIONS OF VARIATIONS
Current assets	16,392,063	22,750,973	Current assets decreased as a result of lower cash and cash equivalents used in the restart of production activities, partially offset by the acquisition of investments, the increase in consumption sales taxes receivable and the build-up of supplies related to the restart.
Non-current assets	77,503,156	41,673,500	Long-term assets increased mainly as a result of the acquisition of property, plant and equipment and capitalized costs related to the rehabilitation of facilities, reserved cash related to the term loan and exploration expenses incurred and capitalized to exploration and evaluation assets, partially offset by an impairment of the property, plant and equipment.
Total assets	93,895,219	64,424,473	
Current liabilities	21,012,932	5,262,368	Current liabilities have increased due to the activities related to the restart of the facilities, increasing accounts payable and the current portion of long-term debt, partially offset by the cancellation of the royalty buy-back option.
Non-current liabilities	24,009,878	9,349,724	Non-current liabilities increased mainly due to new term loans and to the sale of royalties generating financial liabilities on milled tonnes, partially offset by lower income taxes and deferred mining taxes.
Total liabilities	45,022,810	14,612,092	
Shareholders' equity	48,872,409	49,812,381	Shareholders' equity increased primarily as a result of the issuance of flow-through shares totalling \$5.7 million, net of issue costs, and the issuance of common shares and warrants totalling \$14.1 million, net of issue costs.

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. 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, 2022, the Company had cash and cash equivalents of \$10.4 million and restricted cash of \$6 million. Of the cash and cash equivalents, \$4.9 million is reserved for exploration and evaluation expenditures. The credit facility is secured by a \$1 million guaranteed investment certificate included in the cash and cash equivalents.

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
June 8, 2022	Term loan	Loan	5,000,000	The funds will be used primarily to advance the projects.
April 13, 2022	Private placement	Common shares and warrants	750,000	The funds will be used primarily for working capital and project advancement.
April 6, 2022	Private placement	Common shares and warrants	14,400,000	The funds will be used primarily for working capital and project advancement.
November 22, 2021	Non-brokered private placement	Flow-through shares	5,992,941	Exploration work on the properties held by the Company. The funds were partially used.
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 and warrants	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 have been 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

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	\$	\$
Net cash position from (used)		
Operating activities	(15,007,432)	(5,466,039)
Financing activities	31,645,571	10,613,714
Investing activities	(26,779,038)	15,332,782
Increase (decrease) in cash and cash equivalent	(10,140,899)	20,480,457
Cash and cash equivalents at beginning of the year	20,480,457	—
Cash and cash equivalents at end of the year	10,339,558	20,480,457

Operating activities

During the year ended June 30, 2022, cash flows from operating activities were used mainly for operating and exploration expenses at the Beaufor Mine and for administrative and financial expenses.

Financing activities

For the year ended June 30, 2022, cash flows from financing activities generated \$31.6 million mainly from common and flow-through share issues and term loans, partially offset by financing fees.

Investing activities

For the year ended June 30, 2022, cash flows from investing activities used \$26.8 million for additions to property, plant, equipment and capitalized costs directly related to the rehabilitation of the Beaufor Mine and Beacon Mill and exploration expenditures at McKenzie Break and Swanson, partially offset by royalty sales.

QUARTERLY FINANCIAL REVIEW

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

PERIODS ENDED: (In dollars)	JUNE 30 2022	MARCH 31 2022	DECEMBER 31 2021	SEPTEMBER 30 2021	JUNE 30 2021	MARCH 31 2021
Operating expenses	8,809,760	3,663,503	—	—	—	—
Administrative expenses	2,610,057	2,003,556	2,374,268	1,915,029	1,176,022	585,444
Beaufor exploration expenses	272,053	930,608	714,471	1,729,695	2,229,013	1,242,142
Care and maintenance	—	—	—	—	1,794,899	962,859
Impairment of property, plant and equipment	13,000,000	—	—	—	—	—
Deferred income taxes and mining taxes (recovery)	(2,481,836)	513,314	(732,437)	1,740,726	(1,790,126)	23,219
Net earnings (net loss)	(22,674,979)	758,545	(2,060,446)	2,843,374	(2,837,751)	(2,760,651)
Basic and diluted net earnings (net loss) per share	(0.26)	0.01	(0.03)	0.04	(0.04)	(0.05)
Cash and cash equivalents	10,339,558	6,108,678	18,920,581	27,459,590	20,480,457	19,013,624
Total assets	93,895,219	99,486,665	98,334,050	89,164,416	64,424,473	61,211,859
Operating activities	2,843,463	(10,358,555)	(2,855,705)	(4,636,634)	(3,834,490)	(1,631,549)
Financing activities	11,554,589	(174,435)	5,647,337	14,618,080	6,076,970	4,536,743
Investing activities	(10,167,172)	(2,278,912)	(11,330,641)	(3,002,313)	(775,647)	16,108,429

Fourth quarter ended June 30, 2022

Operating expenses amounted to \$8.8 million for the quarter ended June 30, 2022. As the Beaufor Mine has been ready for production since February 2022, the operating costs incurred have been recorded in the statement of operations whereas during the development phase they were capitalized. These costs consist of engineering, development, maintenance, preparation for production and material transportation. The operating expenses include a write-down of inventory of \$7.4 million as previously explained as the anticipated grade turned out to be lower-than-expected.

Administrative expenses amounted to \$2.6 million for the three months ended June 30, 2022, of which \$1.9 million consisted of salaries, share-based compensation, and consulting and professional fees due to financial transactions completed during the period.

Exploration expenses on Beaufor amounted to \$0.3 million for the quarter ended June 30, 2022 and consisted mainly of drilling and salaries.

The Company recorded financial expenses totalling \$0.1 million during the quarter ended June 30, 2022, mainly composed of accretion expenses on the royalty buy-back options.

Following new assumptions on future production and, consequently, future royalty payments on milling, the Company proceeded to the revaluation of the financial liability on the tonnes milled at the Beacon Mill resulting in an expense of \$0.2 million.

Other flow-through share revenues in the amount of \$0.4 million were recognized in income based on eligible exploration expenses incurred during the period.

The Company recognized a recovery of income taxes and deferred mining taxes primarily due to the net tax loss realized during the quarter ended June 30, 2022.

The Company reported a net loss of \$22.7 million or \$0.26 per basic and diluted share for the quarter ended June 30, 2022. This net loss is primarily due to \$8.8 million of operating expenses incurred at the Beaufor Mine until the Beacon Mill restart. An impairment of \$7.4 million had to be recorded as the net realizable value of the stockpile was nil as at June 30, 2022 and an impairment of property, plant and equipment of \$13 million is also recorded.

OUTSTANDING SHARE CAPITAL

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

	AS AT SEPTEMBER 28 2022
Common shares issued	110,156,750
Restricted share units	1,813,661
Share purchase options (average exercise price: \$0.81)	4,542,750
Warrants of the Company (average exercise price: \$0.96)	28,159,750
Replacement Monarch warrants (average exercise price: \$0.05)	10,911,291
Broker warrants (average exercise price: \$0.77)	2,266,492

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, 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.

	YEAR ENDED JUNE 30, 2022	232-DAY PERIOD ENDED JUNE 30, 2021
	\$	\$
Salaries, directors' fees and other benefits	1,825,235	393,879
Shares-based compensation	1,028,831	234,269
Defined contribution plan	45,762	15,100
Government plans	108,651	45,005
	3,008,479	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 at the date of the report:

A) Royalties

Properties	NSR royalties
Beaufor.....	➤ 4.0%
	➤ Other
Croinor Gold	➤ 1.5%
	➤ 2.75%
McKenzie Break.....	➤ 1.5% (0.5% redeemable for \$750,000)
	➤ 2.75%
Swanson	➤ 1.5% (0.5% redeemable for \$750,000)
	➤ 2.0% (1% redeemable for \$1 million USD)
	➤ 2.75%
Beacon.....	➤ \$2.50 per tonne milled from the Beaufor property
	➤ \$1.25 per tonne milled

B) Flow-through shares

The Company has committed to disburse, prior to certain dates, amounts of qualified exploration and evaluation expenses in accordance with the *Income Tax Act (Canada)* and the *Quebec Taxation Act*, and to transfer these tax deductions to the subscribers of the completed flow-through share offerings respectively for the following financing. In connection with these commitments, the following table sets out the material details:

DATE OF FINANCING	AMOUNT OF FINANCING	DISBURSEMENT DEADLINE	CASH RESERVED	FLOW-THROUGH SHARE
			AS AT JUNE 30, 2022	LIABILITY AS AT JUNE 30 2022
	\$		\$	\$
November 22, 2021	5,992,941	December 31, 2022	4,976,102	829,349

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

SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted the accounting policies described in note 4 to the audited consolidated financial statements for the year ended June 30, 2022.

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 year ended June 30, 2022.

FINANCIAL INSTRUMENTS

Full disclosure and a description of the Company's financial instruments, financial risk management and capital management can be found in the audited consolidated financial statements for the year ended June 30, 2022.

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.

An evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2022 was carried out under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022.

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.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as at June 30, 2022, based on the framework set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation under this framework, our Chief Executive Officer and our Chief Financial Officer concluded that our internal control over financial reporting was effective as of June 30, 2022.

There were no changes in the Company's internal control over financial reporting during the fiscal year beginning July 1, 2021 and ending June 30, 2022 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

HEAD OFFICE

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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, CFA

Vice President, Corporate Development

David Langlois, Ing., PMP

Vice President, Evaluation and Planning

LEGAL COUNSEL

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AUDITORS

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Tour KPMG

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CANADA

WEBSITE

www.monarchmining.com

BOARD OF DIRECTORS

Michel Bouchard, Chairman of the Board*

Jean-Marc Lacoste, Director

Guylaine Daigle, Director*, **

Renaud Adams, Director**

Laurie Gaborit, Director**

Benoit Desormeaux, Director*

**Member of the audit committee*

***Member of the compensation committee*

TRANSFER AGENT

Computershare Trust Company of Canada

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Montréal (QC) H3A 3S8

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INVESTORS RELATIONS

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