



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

MONARCH MINING CORPORATION
WWW.MONARCHMINING.COM
TSX: GBAR



Management's discussion and analysis

Year ended June 30, 2023

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The Management's Discussion and Analysis ("MD&A") of Monarch Mining Corporation ("Monarch" or the "Company") dated September 27, 2023, 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, 2023, and compares the statements of financial position as at June 30, 2023 and June 30, 2022. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, all comparative financial information presented in this MD&A reflects the consistent application of IFRS.

The audited consolidated financial statements and MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on September 27, 2023. 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 information" and "forward-looking statements" within the meaning of applicable securities legislation that relate to future events or future performance of the Company 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. All statements other than statements of historical facts may be forward-looking information or forward-looking statements. 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. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, statements regarding the Company's future results the intended exploration, development, and operation of the Beaufor Mine, the McKenzie Property, the Croinor Property, the Swanson Property and the Beacon Mill, the economic performance, as well as the Corporation's expected achievement of milestones, including the ability to obtain sufficient financing for the Beaufor Mine and the Beacon Mill and the Company's operations, and any information as to future plans and outlook for the Company 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 exploration, development, engineering and planning activities, access to capital and future gold prices. No assurance can be given that these expectations will prove to be correct. Risks are discussed in the section entitled "Risk Factors" of this MD&A and in the Company most recent annual information form (the "AIF"). The forward-looking information contained in this MD&A includes, among other things, in addition to the risks described above; 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 impact of the COVID-19 pandemic ("COVID-19") on the Company's activities; 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: the Company's ability to continue as a going concern, the Company being a going concern able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future, the generation of interest for its review of a range of alternatives, in either the sale of part or all of the Company or its assets, a merger or other business combination with another party, a potential investment in Monarch, a debt restructuring, or other strategic initiatives with the goal of maximizing return in respect of the Company's assets, 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; 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 availability of financing for the Company's development of its properties; increased costs; the ability to attract and retain qualified personnel; 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 are 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.

There can be no assurance that the ongoing strategic review process will progress in a fashion that will allow for the culmination of a transaction or transactions in a timely manner and generate sufficient value to meet the Company's obligations.

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 cautions that the foregoing list of factors that may affect future results is not exhaustive, and new, unforeseeable risks may arise from time to time. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in the Company's other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk Factors" section of the Company's AIF dated September 27, 2023 and the cautionary statements more particularly set out hereinafter, under Section Going Concern of this MD&A. 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.

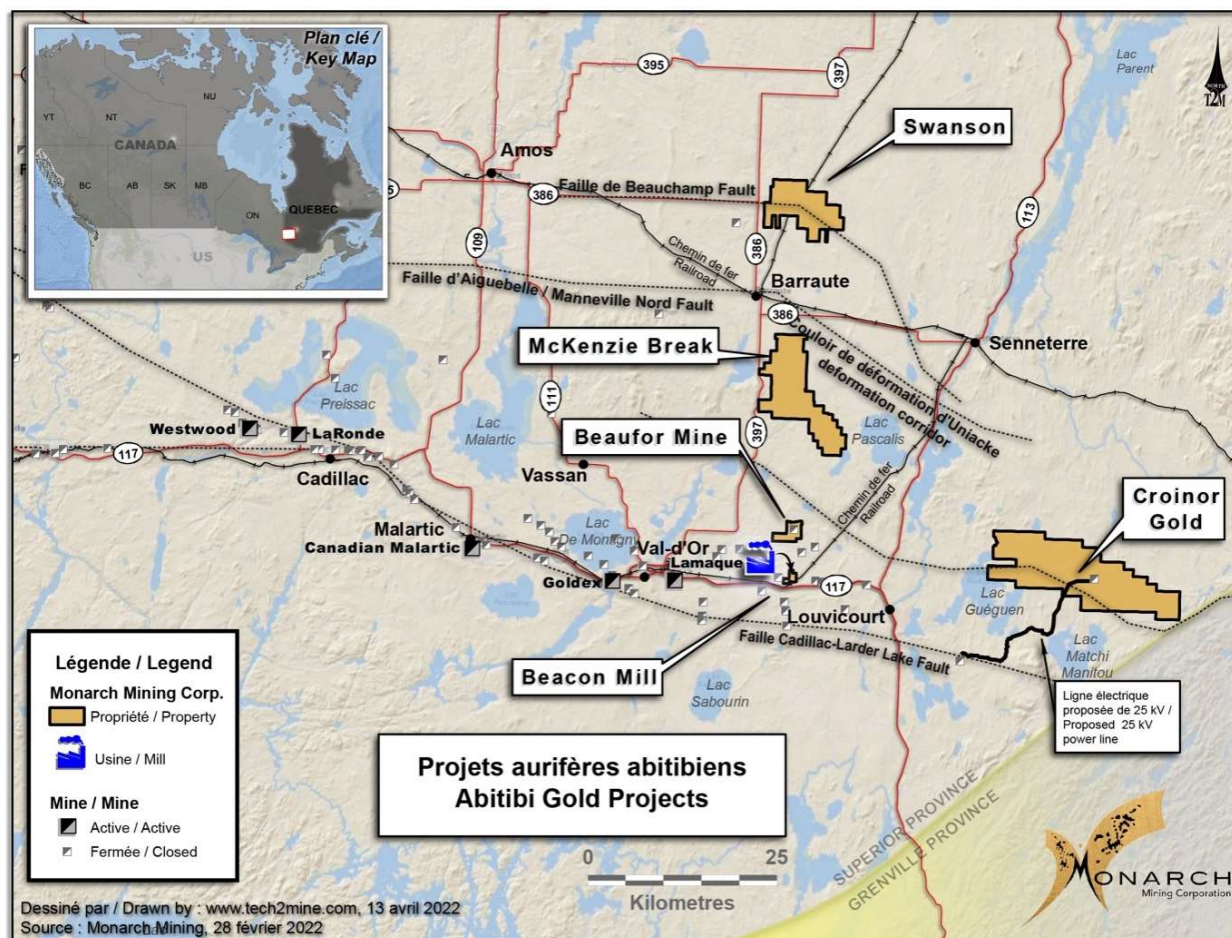
DESCRIPTION OF THE COMPANY

Monarch is a gold mining company with three projects, namely the Beaufor, McKenzie Break and Swanson projects, all of which are located in close proximity to its wholly-owned Beacon Mill with a design capacity of 750 tonnes per day ("tpd"). The Beaufor Mine and Beacon Mill were placed on care and maintenance in September and October 2022, respectively. Monarch owns over 143 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 gold resources.

The Company was incorporated on November 11, 2020 under the Canada Business Corporations Act. The address of its head office is Stein Monast building, 70 Dalhousie Street, Suite 300, Québec (Québec) G1K 4B2 Canada. 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



On July 28, 2023, Monarch sold its 100% interest in the Croinor Gold property to Probe Gold Inc.

HIGHLIGHTS FROM JUNE 30, 2023, TO DATE OF REPORT

- On July 28, 2023, the Company announced the closing of the sale of its 100% interest in the Croinor Gold property to Probe Gold Inc. for a cash payment of \$2,0 million, the issuance of common shares of Probe for a value of \$2,5 million based on a 10-day volume weighted average price (VWAP).
- On July 24, 2023, Monarch entered into a royalty buyback option agreement with Gold Royalty Corp. regarding the McKenzie Break, Swanson and Croinor Gold properties. Monarch will have the right, exercisable for a period of 24 months, to repurchase up to a 1% net smelter return ("NSR") in cash or in voting shares of the purchaser at the sole election of Gold Royalty Corp. for each of the McKenzie Break royalty, Swanson royalty and Croinor Gold royalty.
- On July 12, 2023, Monarch reported drill results for the remaining 16 holes of the 2022 drilling program on the McKenzie Break gold project. Notable intersections included 1.26 grams per tonnes gold ("g/t Au") over 23.6 metres ("m"), followed by another broad zone 47 m down the hole with 1.41 g/t Au over 17.3 m (MK-22-349); 10.12 g/t Au over 1.73 m and 11.91 g/t Au over 1.84 m (MK-22-350); and 5.29 g/t Au over 1.93 m and 9.19 g/t Au over 0.66 m (MK-22-379).

HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2023

- On May 9, 2023, the Company reported results from an additional 13 holes from the 2022 drilling program on the McKenzie Break gold project, including an intersection of 1.77 g/t Au over 31.0 m that included a higher-grade section of 2.83 g/t Au over 15.6 m (MK-22-348).
- Following an agreement for custom milling signed on May 8, 2023, approximately 5,000 tonnes of material from the Beaufor Mine were processed and 795 ounces of gold were recovered.
- Following a partial clean-up of the Beacon Mill, a shipment of material was sent to Sipi Metals Corp. ("SIPI") in Chicago to recover the gold. Approximately 180 ounces of gold were recovered and payment of US\$329,650 (net of fees) was received on May 8, 2023.
- On March 10, 2023, the Company closed a non-brokered private placement of 7,333,334 Québec flow-through units at a price of \$0.075 per unit and 6,428,530 Federal flow-through units at a price of \$0.07 per unit. For total gross proceeds of \$999,997.
- On February 10, 2023, the Company closed a non-brokered private placement of 700,000 common shares at a price of \$0.065 for total gross proceeds of \$45,500. Moreover, the Company also settled trade payables amounting to \$67,657 in consideration of the issuance of 902,091 shares.
- On January 18, 2023, the Company closed a non-brokered private placement of 62,683,576 common shares at a price of \$0.065 for total gross proceeds of \$4,074,432. As part of the placement, the Company reached agreements with creditors representing \$1.4 million. According to these agreements, the Company issued 9,001,630 shares to settle debts amounting to \$675,122.
- On December 1, 2022, the Company reported additional results from its 2022 drilling program on the McKenzie Break gold project. Notable high-grade, near-surface intersections included 35.9 g/t Au over 0.5 m (MK-22-353), 28.2 g/t Au over 0.66 m (MK-22-334), 17.2 g/t Au over 0.9 m (MK-22-357) and 12.65 g/t Au over 1.5 m (MK-22-335).

- On November 21, 2022, Monarch concluded debt settlement agreements with 115 of its creditors amounting to \$11.5 million. Monarch issued 46,328,780 common shares at a price of \$0.075 per share. This reduced its accounts payable and allowed time for the strategic review of its business.
- On November 15, 2022, Monarch announced that it had reached agreements with certain of its creditors for more than \$9.3 million. In addition, the Corporation returned the \$6.0 million that it held in trust to Investissement Québec ("IQ"), reducing the amount owing to \$12.5 million. The Company also reduced certain accounts payable by returning merchandise that it had in inventory to their suppliers.
- On November 9, 2022, Monarch's board of directors formed a Special Committee to lead this strategic review to evaluate a range of alternatives, which could include the sale of part or all of the Company or its assets, a merger or other business combination with another party, a potential investment in Monarch, or other strategic initiatives.
- On October 18, 2022, the Company reported additional results from the 2021-2022 drilling program on its Swanson gold project. The results included 11.07 g/t Au over 7.40 m within a much wider zone of 1.76 g/t Au over 101.85 m (SW-22-025). The 2021-2022 program was the first drilling done on the property since the Company acquired it from Agnico-Eagle Mines in 2017.
- On September 27, 2022, the Company placed the Beaufor Mine on care and maintenance due to financial and operational challenges. 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 caused continued lower cash flow from operations than expected and resulting in insufficient funds for the Company to continue its operations. The Company intended 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 was 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 started a strategic review of its assets and operations and was working closely with its lenders, suppliers, customers and potential investors to develop a strategy to fund its activities. Subsequently, on October 13, 2022, the Beacon Mill was placed on care and maintenance after processing a portion of the already available tonnes of stockpiled material.
- On September 26, 2022, the Company announced that it had filed on SEDAR a NI 43-101 compliant technical report for its Croinor Gold project mineral resources. The August 11, 2022 press release for the Croinor Gold project presented a measured and indicated mineral resource estimate of 903,600 tonnes averaging 6.47 g/t Au for a total of 187,900 ounces of gold and an inferred mineral resource estimate of 200,100 tonnes averaging 6.19 g/t Au for a total of 39,800 ounces.
- On September 13, 2022, the Company announced initial assays from its 2022 drilling program on its McKenzie Break gold project. 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 (MK-22-326A), which was drilled to fill a gap in an area that had no historical drill holes within 60 metres. Other notable near surface intersections on the west side of the proposed pit shell 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 the 2021-2022 drilling program on the Swanson gold project. Hole SW-22-022 intersected 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 included 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 has been tested to a vertical depth of 430 metres.

- 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 had been slower than expected and availability for the months of July and August was approximately 50% of its 750 tpd design 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 stockpiled material 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 operations was lower than anticipated. As a result of short-term cash restriction, the Corporation decided to slow down production activities at the Beaufor Mine. During this period, the Corporation worked towards optimizing its mining method in an effort to reduce dilution.
- On August 30, 2022, the Company announced results from the 2021-2022 drilling program on its Swanson gold project. Hole SW-22-023, which tested the down-plunge continuity of the Swanson deposit to a vertical depth of 360 m, intersected three of the interpreted mineralized lenses, all beyond the current interpreted wireframes used in the 2021 mineral resource estimate ("MRE"). 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 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 drilling program at the Beaufor Mine. The results received were from the W and 140 zones of the upper level of the Beaufor Mine and included 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 results from its 2021-2022 drilling program on its Swanson gold project. The Company continued to intersect wide 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 stockpiled mineralized material from the Beaufor Mine at the Beacon Mill.

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
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, 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 Assessment Report on the McKenzie Break Property, October 14, 2021, Val-d'Or, Quebec, Canada, Alain-Jean Beaugregard, 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.

³ 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.

⁴ Numbers may not add up to total due to rounding.

OUTLOOK

Following the Company's decision to suspend the operations at the Beaufor Mine and place the mine and the Beacon Mill on care and maintenance in September and October 2022, respectively, Monarch's board of directors formed a Special Committee on November 9, 2022 to lead a strategic review in evaluating a range of alternatives, which could include the sale of part or all of the Company or its assets, a merger or other business combination with another party, a potential investment in Monarch, or other strategic initiatives.

The Company has concluded debt settlements agreements with the majority of its creditors, which has significantly reduced its accounts payable. Outside financing was obtained earlier this year to meet a portion of its obligations. The Company generated revenues from gold sales (ounces recovered from partial cleaning of the mill and custom milling of approximately 5,000 tonnes of Beaufor material) and from the sale of the Croinor Gold property for \$4.5 million.

The Company still requires additional financing in 2023 to improve working capital, meet debt payment obligations and reach payments agreements with its suppliers and/or obtain a positive outcome from its strategic review. However, there can be no assurance that the strategic review process will progress in a fashion that will allow for the culmination of a transaction or transactions in a timely manner and generate sufficient value to meet the Company's obligations.

GOING CONCERN

Since its incorporation, the Company has incurred operating losses and negative cash flows related to the operations, exploration and development of its mining properties. As at June 30, 2023, the Company had a deficit of \$75,410,305 and cash and cash equivalents of \$231,892. As at June 30, 2023, the Company has negative working capital (current liabilities in excess of current assets) of \$19,097,123.

On September 27, 2022 and October 13, 2022, the Company suspended its operations at the Beaufor Mine and at the Beacon Mill, respectively and placed the mine and mill in care and maintenance.

The Company needs to secure additional funds to meet all existing commitments and obligations, including its long-term debt, and to provide for administration expenses and care and maintenance expenses for the next 12 months. The Company is continuing its review of all options available, including the sale of assets, the issuance of securities or other types of arrangements or restructuring. The Company sold the Croinor property in July 2023 for a total consideration of \$4.5 million, including a cash consideration of \$2 million. There is no assurance that additional funds will be available or available on terms acceptable to the Company or that the Company will be able to succeed in completing a strategic transaction.

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.

The 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, 2023	YEAR ENDED JUNE 30, 2022
Revenues from gold sales	5,093,466	–
Cost of sales	(18,390,772)	–
Loss from mine operations	(13,297,306)	–
Administration expenses	(4,386,513)	(8,902,910)
Operating expenses	–	(12,473,263)
Care and maintenance expenses	(3,334,693)	–
Exploration expenses	(213,904)	(3,646,827)
Finance expenses	(1,621,629)	(518,265)
Change in fair value of investments	(197,599)	(752,191)
Gain on disposal of assets	1,475,000	16,259,338
Impairment of property, plant and equipment	(22,000,000)	(13,000,000)
Impairment of mining property and exploration and evaluation assets	(8,958,087)	–
Gain on debt settlement	196,055	–
Revaluation of financial liabilities on tonnes milled at the Beacon Mill	1,347,721	(972,621)
Other income (expenses)	261,247	(30,521)
Provision	(1,156,285)	–
Other income related to flow-through shares	954,693	1,836,992
Current income taxes and recovery of deferred mining taxes	1,751,121	960,233
Net loss and comprehensive loss	(49,070,694)	(21,133,506)
Cash flows operating activities	(13,342,929)	(15,007,432)
Cash flows from financing activities	4,506,536	31,645,571
Cash flows from investing activities	(271,273)	(26,779,038)
Key per-share data		
Net loss (basic and diluted)	(0.28)	(0.24)

<i>(In dollars)</i>	JUNE 30, 2023	JUNE 30, 2022
Cash and cash equivalents	231,892	9,339,558
Restricted cash	1,000,000	7,000,000
Total assets	45,679,352	93,895,219
Non-current liabilities	9,040,910	24,009,878
Shareholders' equity	9,508,374	48,872,409

REVIEW OF FINANCIAL RESULTS

Year ended June 30, 2023

For the year ended June 30, 2023, revenues were \$5.1 million and represent the sale of 2,105 ounces of gold at an average gold price of \$2,420 per ounce.

Cost of sales totaled \$18.4 million and consisted of contractors, labor costs, consultants and operations supply related to the production at Beaufor Mine and Beacon Mill for the year ended June 30, 2023. Costs of sales also included costs incurred related to the testing and ramp-up at the mill which began in July 2022, and development work done at the Beaufor Mine. The Company incurred expenses at its facilities to be in a position to increase production but did not obtain the outcome in production from these expenses. Following the decision to place its

facilities on care and maintenance in the fall of 2022, related expenses are presented as “care and maintenance expenses”.

Administrative expenses totaled \$4.4 million for the year ended June 30, 2023, compared to \$8.9 million for the corresponding year of 2022. The decrease is mainly related to a reduction of number of employees due to placing the facilities on care and maintenance, reduction of consultants and professional fees as a result of less financial transactions and activities.

Exploration expenses amounted to \$0.2 million for the year ended June 30, 2023 and consisted primarily of salaries. The exploration expenses decreased compared to the year ended June 30, 2022 as a result of cash restrictions during fiscal 2023.

Finance expenses totaled \$1.6 million for the year ended June 30, 2023, an increase compared to the corresponding period of fiscal 2022. Interest on long-term debt was no longer accounted for in the property, plant and equipment since production began during the first quarter of fiscal 2023.

Monarch realized a gain on disposal of assets during the year ended June 30, 2023 related to a previous transaction completed by Monarch Gold Corporation. A milestone was achieved by another company which triggered a cash payment of \$1.475 million to Monarch.

An impairment of property, plant and equipment of \$22.0 million was recorded in the twelve months ended June 30, 2023.

An impairment of mining property of \$9.0 million was recorded in the twelve months ended June 30, 2023. Indicators of impairment occurred regarding the Croinor Gold property as of June 30, 2023 and resulted in an impairment charge.

For more details, refer to the section "Impairment of non-financial assets".

Following new assumptions on future production and, consequently, future royalties' payments on milling, the Company proceeded with the revaluation of the financial liability on the tonnes milled at the Beacon Mill which resulted in a favorable adjustment of \$1.3 million.

A provision of \$1.2 million was recorded during the second quarter of fiscal year 2023 for amounts due to investors.

The Company recognized a recovery of deferred mining taxes and mining taxes of \$1.8 million related to the reclassification of the Croinor Gold property in asset held for sale in the fourth quarter of fiscal 2023.

The Company reported a net loss of \$49.1 million or \$0.28 per share for the year ended June 30, 2023.

Equity Financing

On November 21, 2022, Monarch issued 46,328,780 common shares as payment to suppliers.

On January 18, 2023, the Company closed a non-brokered private placement of 62,683,576 common shares at a price of \$0.065 for total gross proceeds of \$4,074,432. As part of the placement, the Company reached agreements with creditors representing \$1.4 million. According to these agreements, the Company issued 9,001,630 common shares to settle debts amounting to \$675,122.

On February 10, 2023, the Company closed a non-brokered private placement of 700,000 common shares at a price of \$0.065 for total gross proceeds of \$45,500. As part of the placement, Monarch paid \$67,657 to suppliers in consideration of the issuance of 902,091 common shares.

On March 10, 2023, the Company closed a non-brokered private placement of 7,333,334 Québec flow-through units at a price of \$0.075 per unit and 6,428,530 Federal flow-through units at a price of \$0.07 per unit for total gross proceeds of \$999,997. Each unit consists of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.15 with an expiration on March 10, 2025. Share issuance costs of \$70,000 was paid and 483,333 broker warrants were issued. Each broker warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.10 with an expiration of March 10, 2025. The fair value of the broker warrants of \$8,941, was accounted for as a share issuance cost.

Long-term debt

Under the term loan with IQ, the Company was required to make principal and interest payments in October 2022. The Company did not make these payments due to cash restrictions. As a result, the Company is in default of its conditions under the agreement and therefore the term loan is entirely presented in the current portion.

On October 17, 2022, IQ and the Company agreed to release the \$6.0 million restricted cash to repay a portion of the term loans.

Impairment of non-financial assets

On July 28, 2023, the Company sold the Croinor Gold property to Probe Gold Inc. for \$2.0 million in cash and 1,522,533 shares of Probe Gold Inc. having a fair value of \$2,500,000. As part of the transaction, Probe Gold Inc. assumed the asset retirement obligation of \$653,967 related to the Croinor property and the Company recovered the cash deposits of \$556,399 made to the Government of Quebec.

Since the fair value less cost to sell of the Croinor Gold property is less than its carrying value of \$14,058,087 at June 30, 2023, the Company recorded an impairment of \$8,958,087. As a result, the Croinor Gold property is recorded at its recoverable amount of \$5.1 million at June 30, 2023.

Property, plant and equipment – 2023 Impairment

In connection with the suspension of its operations at the Beaufor Mine and the Beacon Mill, the Company identified possible indicators of impairment. The Company performed an impairment test which resulted in an impairment charge of \$22.0 million. The estimated recoverable amount was based on fair value less costs of disposal ("FVLCD"). The fair value measurement was categorized as a Level 3 fair value and was determined based on offers received by the Company.

Offers received by the Company are subjected to customary due diligences and final negotiations.

Property, plant and equipment – 2022 Impairment

As at June 30, 2022, 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 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

The Company started to hoist mineralized material to surface in the fall of 2021 and at June 30, 2022 the stockpile was estimated at approximately 31,000 tonnes. The restart of the Beacon Mill was slower than expected and the processing of the mineralized material started in July 2022.

During the first quarter of fiscal 2023, the Company experienced continued discrepancies between the reported grade of both the existing stockpile and material mined at Beaufor and the grade of the material processed at the Beacon Mill. As a result of lower revenues than expected causing liquidity constraints, the mining activities at the Beaufor Mine were reduced starting on August 31, 2022. Investigation of the mining methods and sampling procedures, including a resampling of the stockpile at the Beacon mill, confirmed a higher mining dilution than initially estimated. This resulted in a lower grade of the mineralized material processed during the first quarter. During the period, the head grade ranged between 1 and 2 g/t Au.

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. Subsequently, only a small portion of the stockpile was processed before the Beacon Mill was placed on care and maintenance on October 13, 2022. From July to October 2022, the mill processed approximately 33,600 tonnes at a lower milling rate than its design capacity of 750 tpd, mainly due to a number of mechanical and procurement problems. During operations, 1,135 ounces of gold were poured and sold.

During the third quarter ended March 31, 2023, the Company completed a partial clean up of the circuits in the Beacon Mill. The material was shipped to SIPI in Chicago to recover the gold. Approximately 180 ounces were recovered and sold.

Following an agreement for custom milling signed on May 8, 2023, approximately 5,000 tonnes of material from the Beaufor Mine were processed and 790 ounces of gold were recovered.

REVIEW OF EXPLORATION ACTIVITIES

	YEAR ENDED JUNE 30, 2023	YEAR ENDED JUNE 30, 2022
	\$	\$
Exploration and evaluation expenses:		
Beaufor Mine	213,904	3,646,827
McKenzie Break	3,004,176	3,139,252
Croinor Gold	12,628	114,240
Swanson and others	666,311	1,746,683
Exploration and evaluation	3,897,018	8,647,002
Sale of royalties	–	(618,894)
Capitalized exploration and evaluation expenses	(3,683,115)	(4,381,281)
Exploration and evaluation expenses	213,904	3,646,827

Beaufor Mine

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

The Company reported a MRE in July 2021 and filed a NI 43-101 Technical Report in September 2021, which included an additional 153 holes totaling 17,726 m (see table below).

Monarch continued its ongoing drilling program at the Beaufor Mine up to the end of September 2022. The drilling mainly tested near-mine exploration targets, from both underground and surface drill holes as well definition drill holes in preparation for stope definition and mining. Subsequent to the July 2021 MRE, approximately 291 drill holes totaling 44,276 m (37 surface holes totaling 6,355 m and 254 underground holes totaling 37,921 m) were added to the geological model. Assays have not been released for the remaining 105 holes totaling 18,432 m (including 4 surface holes totaling 905 metres). The last drill results on Beaufor were published on July 25, 2022, and thereafter the Beaufor Mine was placed on care and maintenance on September 27, 2022.

Beaufor Mine - Mineral resource Estimate (effective date of July 23, 2021)

	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).

McKenzie Break

The McKenzie Break property covers 7,848 hectares (78.5 km²) and is located 20 kilometers north of the Beacon Mill and 10 kilometres south of the town of Barraute, Québec. The property is accessible year-round by Highway 397 and a gravel road and includes a 700 metres gate and ramp constructed in 2009.

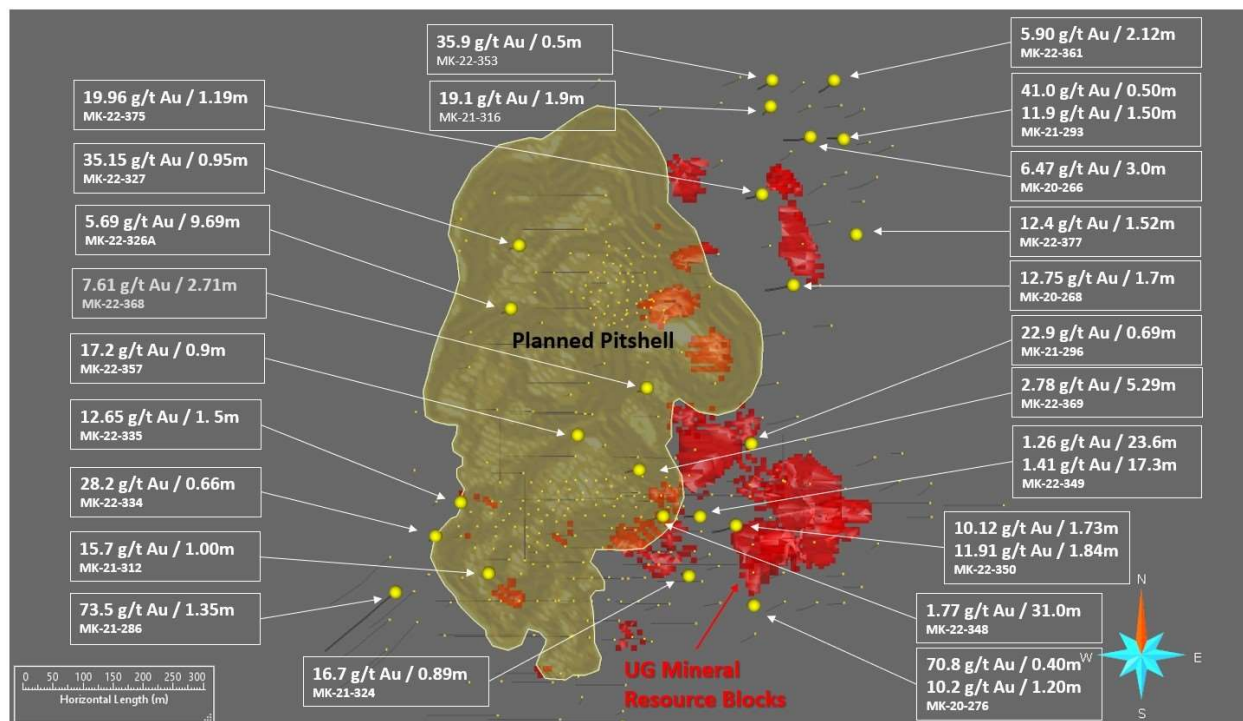
McKenzie Break is a high-grade, narrow, multi-veined gold deposit hosted in a dioritic phase of the Pascalis batholith and comprising porphyry diorite and mafic and felsic volcanic rocks.

The 2022 drilling program on McKenzie Break, totaling 16,104 m in 53 holes, was completed in August 2022. The program was aimed at expanding the size of the 2021 MRE pit shell in the up-dip direction (to the west and north), and the underground resource to the east and north. The mineralized envelope has increased and now measures 1,100 m by 700 m and has been tested down to a maximum vertical depth of 400 m.

High-grade results from this program included 5.69 g/t Au over 9.69 m, 35.15 g/t Au over 0.95 m, 35.9 g/t Au over 0.5 m, and 11.91 g/t Au over 1.84 m (see press releases dated September 13, 2022, December 1, 2022, May 9, 2023, and July 12, 2023 for all the results).

Since the publication of the 2021 MRE by Geologica and GoldMinds, Monarch has drilled a total of 41,465 m in 121 drill holes. This drilling has confirmed that the pit shell and underground mineral resource can be expanded beyond the limits defined in the 2021 MRE.

The table and figure below present the best drilling results obtained post the 2021 MRE:



Hole#	From (m)	To (m)	Width* (m)	Grade (g/t Au)
MK-20-266	326.0	338.0	12.0	2.25
	244.3	247.3	3.0	6.47
MK-20-276	155.7	156.1	0.4	70.80
	263.6	264.8	1.2	10.20
MK-21-268	249.3	251.0	1.7	12.75
MK-21-281	138.0	143.45	5.45	3.93
	52.58	55.41	2.83	3.93
MK-21-286	19.65	21.0	1.35	73.5
MK-21-287	112.2	121.0	8.8	1.52
MK-21-290	259.0	260.0	1.0	8.00
MK-21-293	321.4	321.9	0.5	41.00
	369.5	371	1.5	11.9
MK-21-295	300.3	301.1	0.8	12.00
MK-21-296	185.35	186.04	0.69	22.90
MK-21-297	81.25	81.85	0.6	10.90
MK-21-299	29.45	30.2	0.75	12.30
MK-21-300	231.5	232.6	1.1	10.20
MK-21-312	22.4	23.4	1.0	15.70
MK-21-316	231.8	233.7	1.9	19.10
MK-21-324	208.41	209.3	0.89	16.70
MK-22-326A	6.0	15.69	9.69	5.69
MK-22-327	87.65	88.6	0.95	35.15
MK-22-329	55.7	56.48	0.78	16.50
MK-22-334	14.88	15.54	0.66	28.20
MK-22-335	48.0	49.5	1.5	12.65
MK-22-348 <i>including</i>	203.00	234.00	31.00	1.77
	218.40	234.00	15.60	2.83
MK-22-353	253.2	253.7	0.5	35.90
MK-22-357	41.6	42.5	0.9	17.20
MK-22-363 <i>including</i>	366.52	381.43	14.91	1.54
	370.52	372.00	1.48	9.09
MK-22-350	277.14	278.87	1.73	10.12
	316.35	318.19	1.84	11.91

* True thickness is approximately 85-90% of the indicated length of the core.

Note: 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 or ALS Canada in Val d'or, Quebec 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

The Croinor Gold property 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 kilometres east of Val-d'Or (75 km by road) and 27 kilometres east of Louvicourt, the nearest village.

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

The Company sold the property to Probe Gold Inc. in July 2023.

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). The Swanson property lies 65 kilometres northeast of Val-d'Or and just 50 kilometres north of Monarch's Beacon Mill with a design capacity of 750 tpd.

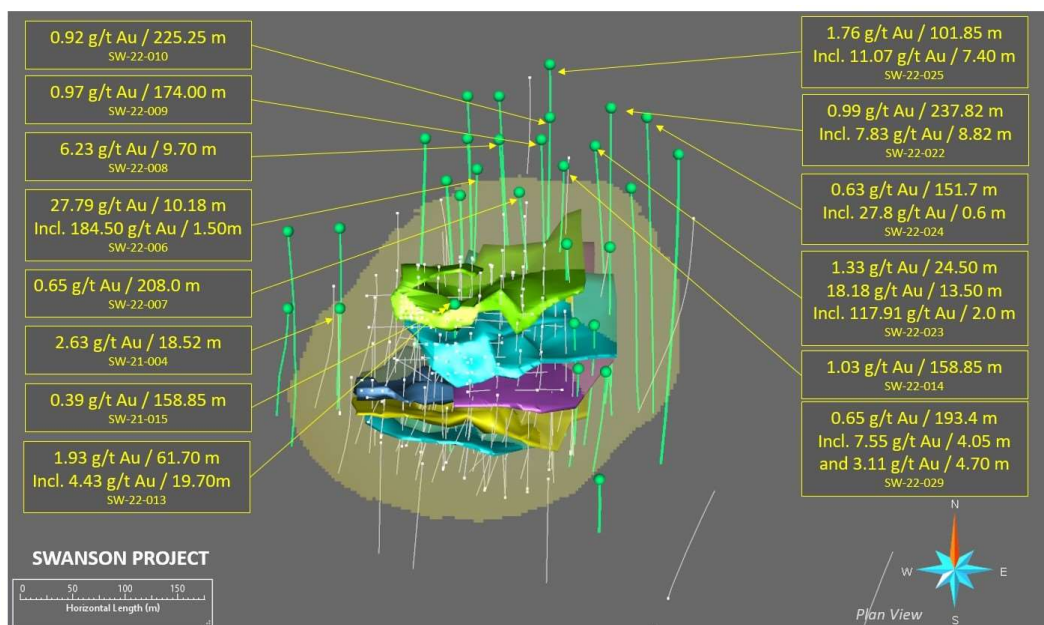
On February 1, 2021, the Company reported a MRE for the Swanson project and filed a NI 43-101 Technical Report with an effective date of January 22, 2021 (the "2021 MRE").

The 2021-2022 drilling program on Swanson, totaling 11,194 m in 31 holes, was completed on August 29, 2022. The drilling program was aimed at expanding the 2021 MRE. The mineralized envelope currently measures 300 metres by 150 m and has been tested down to a vertical depth of 430 metres and remains open to the east and at depth.

Significant drill results included 27.79 g/t Au over 10.18 m, 0.92 g/t Au over 225 m, 18.18 g/t Au over 13.5 m, 7.83 g/t Au over 8.82 m and 11.07 g/t Au over 7.40 m, and 0.65 g/t Au over 193.4 m (including several higher grade intercepts of 4.80 g/t Au over 1.55 m, 7.55 g/t Au over 4.05 m, 2.17 g/t Au over 4.90 m, 3.11 g/t Au over 4.7 m and 2.80 g/t Au over 2.05 m) (refer to press releases dated March 30, 2022, July 19, 2022, August 30, 2022, September 8, 2022, October 18, 2022, and May 24, 2023).

Since the publication of the 2021 MRE by InnovExplo, Monarch has drilled a total of 11,194 m in 31 drill holes. The results from this drilling program have confirmed that the pit shell and underground mineral resource can be expanded beyond the limits defined in the 2021 MRE.

The table and figure below show the significant assay results obtained from the 2021-2022 drilling program.



Hole #	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
	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
SW-22-024	276.60	428.30	151.70	0.63
<i>including</i>	394.70	395.30	0.60	27.80
<i>including</i>	427.80	428.30	0.50	14.75
SW-22-025	300.15	402.00	101.85	1.76
<i>including</i>	367.60	375.00	7.40	11.07
SW-22-029	73.95	267.35	193.40	0.65
<i>including</i>	73.95	75.50	1.55	4.38
<i>and</i>	158.85	162.90	4.05	7.55
<i>and</i>	173.30	178.20	4.90	2.17
<i>and</i>	182.20	186.90	4.70	3.11
<i>and</i>	265.30	267.35	2.05	2.80

* True thickness is approximately 85% of the indicated length of the core, except for holes SW-22-024 and 025 where the true width is estimated to be between 60% and 70% of core length.

FINANCIAL POSITION

<i>(In dollars)</i>	AS AT JUNE 30, 2023	AS AT JUNE 30, 2022	EXPLANATIONS OF VARIATIONS
Current assets	8,032,945	16,259,663	Current assets decreased as a result of lower cash and cash equivalents used mainly in the restart of production activities partially offset by the asset held for sale.
Non-current assets	37,646,407	77,635,556	Long-term assets decreased mainly as a result of an impairment of the property, plant and equipment and evaluation and exploration assets offset by exploration expenses incurred and capitalized to exploration and evaluation assets. Also, the restricted cash was released to pay a portion of the term loans.
Total assets	45,679,352	93,895,219	
Current liabilities	27,130,068	21,012,932	Current liabilities have increased due to the reclassification of the term loan in the current portion, activities related to the restart of the facilities and short-term liquidity constraints, increasing accounts payable, partially offset by the flow through share liabilities decrease and a payment made to the term loans
Non-current liabilities	9,040,910	24,009,878	Non-current liabilities decreased mainly due reclassification of the term loan in the current portion, the revaluation of financial liabilities related to tonnes milled at Beacon Mill, the repayment of lease liabilities and the adjustment to the deferred income taxes and mining taxes.
Total liabilities	36,170,978	45,022,810	
Shareholders' equity	9,508,374	48,872,409	Shareholders' equity decreased mainly as a result of the net loss of the period partially offset by the shares issuance.

LIQUIDITY AND SOURCES OF FINANCING

The Company's strategy was based on achieving positive cash flows from operations to internally fund operating, capital and project development requirements. The Company incurred material decreases in the Company's liquidity and capital resources mainly due to the lower production than anticipated of the Company's operations, which resulted in the closure of the operations. Refer to section "Outlook" for the liquidity situation of the Company.

As at June 30, 2023, the Company had cash and cash equivalents of \$0.2 million. The credit facility is secured by a \$1.0 million guaranteed investment certificate included in the restricted cash. Cash and cash equivalent also include \$0.3 million related to flow-through financing still remaining to be incur until December 31, 2024.

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
March 10, 2023	Non-brokered private placement	Flow-through shares and warrants	999,997	Exploration work on the properties held by the Company. The funds have been partially used.
February 10, 2023	Non-brokered private placement	Common shares	45,500	Funds to be used primarily for debt settlements with creditors, disbursements for care and maintenance, and working capital.
February 10, 2023	Non-brokered private placement	Common shares	67,657	Funds to be used for debt settlements with creditors.
January 18, 2023	Non-brokered private placement	Common shares	4,074,432	Funds to be used primarily for debt settlements with creditors, disbursements for care and maintenance, and working capital.
January 18, 2023	Non-brokered private placement	Common shares	675,122	Funds to be used for debt settlements with creditors.
November 21, 2022	Private placement	Common shares	3,474,657	Debt settlements with creditors.
June 8, 2022	Term loan	Loan	5,000,000	Funds primarily used to advance the projects.
April 13, 2022	Private placement	Common shares and warrants	750,000	Funds primarily used for working capital and project advancement.
April 6, 2022	Private placement	Common shares and warrants	14,400,000	Funds primarily used 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 have been used.
August 14, 2021	Term loan	Loan	13,500,000	Funds were primarily used to advance the projects.
June 29, 2021	Non-brokered private placement	Common shares and warrants	6,655,600	Funds primarily used 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	Funds primarily used for working capital and project advancement.

CASH FLOWS

	YEAR ENDED JUNE 30, 2023	YEAR ENDED JUNE 30, 2022
	\$	\$
Net cash position from (used)		
Operating activities	(13,342,929)	(15,007,432)
Financing activities	4,506,536	31,645,571
Investing activities	(271,273)	(27,779,038)
Increase (decrease) in cash and cash equivalent	(9,107,666)	(11,140,899)
Cash and cash equivalents at beginning of the year	9,339,558	20,480,457
Cash and cash equivalents at end of the year	231,892	9,339,558

Operating activities

During the year ended June 30, 2023, cash flows from operating activities were used mainly for operations, care and maintenance expenses at the Beaufor Mine and Beacon Mill, and for administrative and financial expenses.

Financing activities

For the year ended June 30, 2023, cash flows from financing activities were from shares issuances partially offset by repayment of lease liabilities. Also, the restricted cash was released from IQ to Monarch to pay a portion of the term loans.

For the year ended June 30, 2022, financing activities were higher as compared to fiscal 2023 mainly due to the closing of new term loans with IQ and more issuance of shares.

Investing activities

For the year ended June 30, 2023, cash flows from investing activities were used for exploration expenditures at McKenzie Break and Swanson, partially offset by proceeds from investments, Mining properties and equipment sales.

For the year ended June 30, 2022, investing activities were higher as compared to fiscal 2023 mainly due to the investment made related to the restart of the Beaufor Mine and Beacon Mill partially offset by the sale of royalties.

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 2023	MARCH 31 2023	DECEMBER 31 2022	SEPTEMBER 30 2022
Revenues from gold sales	2,543,471	—	544,390	2,005,605
Cost of sales	844,375	—	874,258	16,672,139
Operating expenses	—	—	—	—
Administrative expenses	730,806	1,427,754	1,299,168	928,785
Care and maintenance	1,671,817	789,025	873,851	—
Beaufor exploration expenses	6,036	—	66,555	141,313
Impairment of property, plant and equipment	15,000,000	—	—	7,000,000
Impairment of mining properties and exploration and evaluation assets	8,958,087	—	—	—
Deferred income taxes and mining taxes	(1,771,443)	—	—	20,322
Net loss	(22,651,720)	(594,633)	(3,508,748)	(22,315,593)
Basic and diluted net loss per share	(0.13)	(0.01)	(0.03)	(0.20)
Cash and cash equivalents	231,892	1,821,853	1,649,855	2,466,986
Total assets	45,679,352	72,083,095	70,117,938	80,155,434
Operating activities	(1,443,005)	(3,849,866)	(337,690)	(7,712,368)
Financing activities	(124,544)	4,860,016	(114,118)	(114,818)
Investing activities	976,888	(838,152)	(364,623)	(45,386)

PERIODS ENDED: (In dollars)	JUNE 30 2022	MARCH 31 2022	DECEMBER 31 2021	SEPTEMBER 30 2021
Revenues	—	—	—	—
Cost of sales	—	—	—	—
Operating expenses	8,809,760	3,663,503	—	—
Administrative expenses	2,610,057	2,003,556	2,374,268	1,915,029
Care and maintenance	—	—	—	—
Beaufor exploration expenses	272,053	930,608	714,471	1,729,695
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
Net earnings (loss)	(22,674,979)	758,545	(2,060,446)	2,843,374
Basic and diluted net earnings (loss) per share	(0.26)	0.01	(0.03)	0.04
Cash and cash equivalents	10,339,558	6,108,678	18,920,581	27,459,590
Total assets	93,895,219	99,486,665	98,334,050	89,164,416
Operating activities	2,843,463	(10,358,555)	(2,855,705)	(4,636,634)
Financing activities	11,554,589	(174,435)	5,647,337	14,618,080
Investing activities	(10,167,172)	(2,278,912)	(11,330,641)	(3,002,313)

Fourth quarter ended June 30, 2023

For the quarter ended June 30, 2023, revenues were \$2.5 million and represent the sale of 970 ounces of gold at an average gold price of \$2,630 per ounce.

Cost of sales totaled \$0.8 million during the quarter and mainly include the costs associated with custom milling, contractors and transportation.

Administrative expenses amounted to \$0.7 million for the three months ended June 30, 2023 consisted of salaries, share-based compensation, and consulting and professional fees.

Monarch realized a gain on disposal of assets in year ended June 30, 2023 related to a previous transaction occurred with Monarch Gold Corporation. A milestone was achieved by another company which triggered a cash payment of \$1.475 million to Monarch.

An impairment of property, plant and equipment of \$15.0 million was recorded in the three months ended June 30, 2023. For more details, refer to the section "Impairment of non-financial assets".

An impairment of mining property of \$9.0 million was recorded in the twelve months ended June 30, 2023. Indicators of impairment occurred regarding the Croinor Gold property as of June 30, 2023 and resulted in an impairment charge.

Following new assumptions on future production and, consequently, future royalties' payments on milling, the Company proceeded with the revaluation of the financial liability on the tonnes milled at the Beacon Mill which resulted in a favorable adjustment of \$0.5 million in the three months ended June 30, 2023.

The Company recognized a recovery of deferred income taxes and mining taxes of \$1.8 million related to the reclassification of the Croinor Gold property in asset held for sale in the fourth quarter of fiscal 2023.

The Company reported a net loss of \$22.7 million or \$0.13 per basic and diluted share for the quarter ended June 30, 2023.

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 27, 2023
Common shares issued	243,838,526
Restricted share units	5,239,834
Share purchase options (average exercise price: \$0.54)	5,433,958
Warrants of the Company (average exercise price: \$0.77)	30,880,932
Broker warrants (average exercise price: \$0.74)	2,043,596

RELATED PARTY TRANSACTIONS

During the year ended June 30, 2023, 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, 2023	YEAR ENDED JUNE 30, 2022
	\$	\$
Salaries, directors' fees and other benefits	1,387,835	1,825,235
Shares-based compensation	865,807	1,028,831
Defined contribution plan	28,090	45,762
Government plans	70,647	108,651
	2,352,379	3,008,479

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
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 US\$1 million)
	➤ 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 such tax deductions to the subscribers of the completed flow-through share investments of each of the financings. The Company completed a flow-through investments on November 22, 2021 amounting to \$5,992,941 of which the deadline to committed the expenses was December 31, 2022.

The Company closed a flow-through financing on March 10, 2023 and \$280,809 remains to incur until December 31, 2024.

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 or default by the Company to incurred required exploration expenses 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.

A provision of \$1.2 million was recorded as at June 30, 2023 in relation to this program.

C) Legal hypothecs

During the year ended June 30, 2023, legal hypothecs have been registered by contractors against the Beacon Mill and Beaufor Mine in the amount of \$7.0 million, representing the contractors' claim for payment related to construction work performed on the mill and mine already accounted for as trade payables.

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, 2023.

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, 2023.

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, 2023.

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 ("CEO") and the Chief Financial Officer ("CFO"). 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 (DC&P)

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, 2023 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 their evaluation, as a result of the material weakness identified in the ICFR described below, the CEO and the CFO have concluded that the Company's DC&P, as at June 30, 2023, were not effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

An evaluation of the effectiveness of our ICFR as of June 30, 2023 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 this evaluation, the CEO and the CFO concluded that a material weakness exists, as described below, and due to this material weakness, the Company's ICFR is not effective as of June 30, 2023. The control framework used to design and evaluate effectiveness of the Company's ICFR is established under the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework). A material weakness is a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In connection with the Company's evaluation of ICFR, the following control deficiencies in combination were considered to be material weakness in the current year:

Organization structure, including journal entries and segregation of duties:

The Company identified a deficiency relating to its organizational structure. Specifically, that the Company did not have a sufficient number of trained resources with adequate technical knowledge to properly account for areas of IFRS that are more complex and/or for transactions arising from outside the normal course of business. In addition, the Company did not effectively design and maintain appropriate segregation of duties and controls over the effective preparation, review and approval, and associated documentation of journal entries, including manual entries.

Despite the material weakness, management has concluded that the Company's consolidated financial statements as at and for the year ended June 30, 2023 present fairly, in all material respects, the Company's financial position, net loss and comprehensive loss, changes in shareholders' equity and cash flows in accordance with IFRS as issued by the IASB.

Because the material weakness creates a reasonable possibility that a material misstatement to our consolidated financial statements would not be prevented or detected on a timely basis, the CEO and CFO concluded that as of June 30, 2023, the Company's design and operation of ICFR and DC&P were not effective.

Management has concluded and the Board of Directors has approved that, given the current size of the Company, its current stage of development and the current interest of shareholders, the Company does not currently have the resources to hire additional staff or external consultants to remediate the material weakness in the short-term.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

Due the financial difficulties in fiscal 2023, the number of employees considerably decreased and resulting in a material weakness for fiscal 2023.

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

CORPORATE OFFICE

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Canada

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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

WEBSITE

www.monarchmining.com

BOARD OF DIRECTORS

Michel Bouchard, Chairman of the Board*

Jean-Marc Lacoste, Director

Guylaine Daigle, Director*, **

Laurie Gaborit, Director**

Benoit Desormeaux, Director*, **

**Member of the audit committee*

***Member of the Human Resources, Compensation
and Nominating Committee*

LEGAL COUNSEL

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CANADA

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