

Monarques Gold Corp. - TSXV:MQR

August 17, 2018

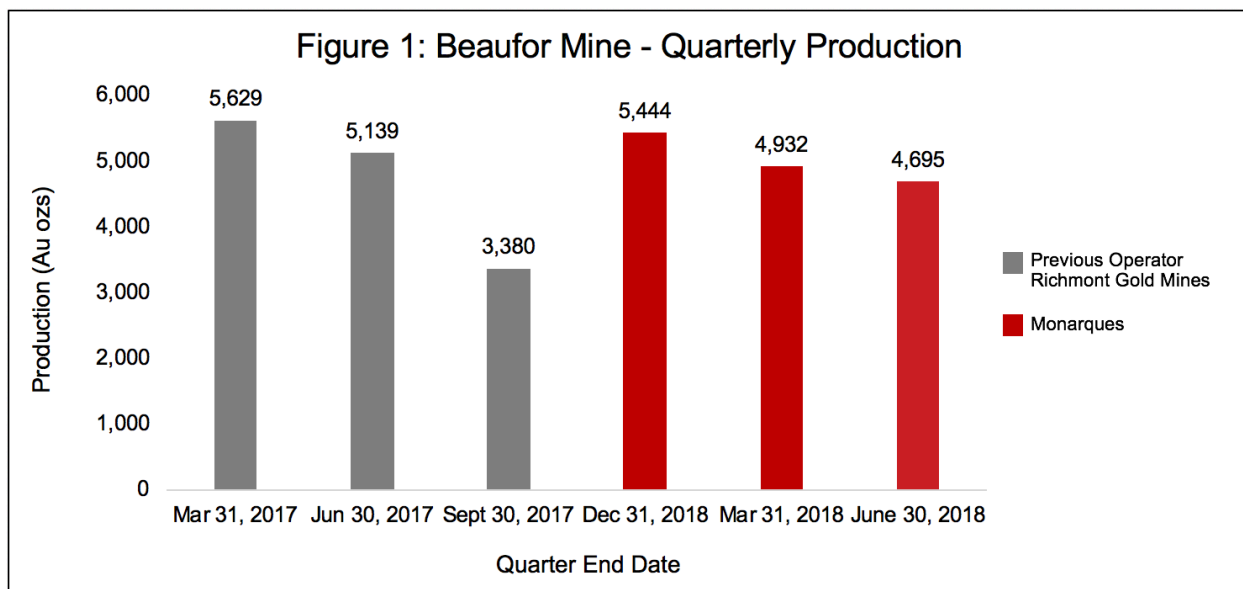
Operations Steady in FQ4; Projects Continue to Advance

Impact: Neutral

Monarques Gold has reported production results for its fourth quarter ending June 30, 2018 which were effectively in line with recent quarters.

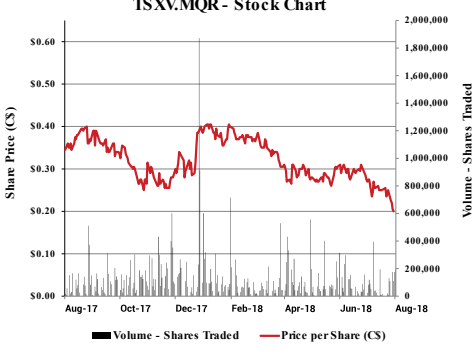
- Monarques produced 4,695oz Au this quarter, down 5% from the previous quarter. The modest decrease was the result of slightly lower tonnes processed (Figure 1)
- Despite modestly lower production, revenue grew by 2% to C\$10 million, as the company saw a 31% increase in custom milling operations at the Camflo mill that is expected to be maintained
- The company continues to advance its growth projects and its planned feasibility study for Wasamac (expected in Q4) is expected to use the Rail-Veyor system (used by Agnico-Eagle at Goldex), which is likely to material reduce initial capital versus a traditional shaft based approach

Monarques continues to trade at a discount to peers (C\$8/oz vs. peers at C\$27/oz) and we believe the upcoming resource expansion drilling and technical studies including a conceptual study on Wasamac should help close the valuation gap to peers.



Priced as of prior trading day's market close, EDT (unless otherwise noted).
All values in USD unless otherwise noted.

For Disclaimer and Applicable Disclosures, see the end of this report

Company Information: Monarques Gold Corp (TSXV:MQR)																																											
<p>Monarques Gold is a growing gold producer in the Abitibi region of Quebec. Subsequent to two meaningful acquisitions from 2017, the company owns the operating Beaufor Mine, Camflo and Beacon Mills, and four exploration projects Wasamac, Croinor Gold, Mckenzie Break and Swanson. In October, the company announced its first gold pour at Beaufor since its acquisition in September. The company is focused on extending its mine life and restoring profitability.</p>																																											
		<table border="1"> <thead> <tr> <th colspan="4">Key Projects</th> </tr> <tr> <th>Project</th> <th>Stage</th> <th>Current Resources (M&I)</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>Wasamac (Quebec)</td> <td>Resource Estimate (2017)</td> <td>2.9M oz Au (34.02 Mt @ 2.64 g/t Au)</td> <td>Cut-off grade of 1 g/t Au based on a gold price of \$1,500/oz.</td> </tr> <tr> <td>Beaufor (Quebec)</td> <td>Production (2017)</td> <td>97.8k oz Au (392.3kt @ 7.75 g/t Au)</td> <td>5,444 oz Au and 4,932 oz Au produced in Q2 2018 and Q3 2018</td> </tr> <tr> <td>Croinor (Quebec)</td> <td>Pre-Feasibility (2018)</td> <td>274k oz Au (965kt @ 8.84 g/t Au)</td> <td>Average ann pro: 31k oz Au @ US\$639/oz. Capital Cost: US\$50.7M, LOM 2.6 years.</td> </tr> <tr> <td>Simkar (Quebec)</td> <td>Exploration</td> <td>63k oz Au (340kt @ 5.76 g/t Au)</td> <td>Recently completed 2,500m of drilling Potential to increase resource at depth.</td> </tr> </tbody> </table>		Key Projects				Project	Stage	Current Resources (M&I)	Notes	Wasamac (Quebec)	Resource Estimate (2017)	2.9M oz Au (34.02 Mt @ 2.64 g/t Au)	Cut-off grade of 1 g/t Au based on a gold price of \$1,500/oz.	Beaufor (Quebec)	Production (2017)	97.8k oz Au (392.3kt @ 7.75 g/t Au)	5,444 oz Au and 4,932 oz Au produced in Q2 2018 and Q3 2018	Croinor (Quebec)	Pre-Feasibility (2018)	274k oz Au (965kt @ 8.84 g/t Au)	Average ann pro: 31k oz Au @ US\$639/oz. Capital Cost: US\$50.7M, LOM 2.6 years.	Simkar (Quebec)	Exploration	63k oz Au (340kt @ 5.76 g/t Au)	Recently completed 2,500m of drilling Potential to increase resource at depth.																
Key Projects																																											
Project	Stage	Current Resources (M&I)	Notes																																								
Wasamac (Quebec)	Resource Estimate (2017)	2.9M oz Au (34.02 Mt @ 2.64 g/t Au)	Cut-off grade of 1 g/t Au based on a gold price of \$1,500/oz.																																								
Beaufor (Quebec)	Production (2017)	97.8k oz Au (392.3kt @ 7.75 g/t Au)	5,444 oz Au and 4,932 oz Au produced in Q2 2018 and Q3 2018																																								
Croinor (Quebec)	Pre-Feasibility (2018)	274k oz Au (965kt @ 8.84 g/t Au)	Average ann pro: 31k oz Au @ US\$639/oz. Capital Cost: US\$50.7M, LOM 2.6 years.																																								
Simkar (Quebec)	Exploration	63k oz Au (340kt @ 5.76 g/t Au)	Recently completed 2,500m of drilling Potential to increase resource at depth.																																								
<table border="1"> <thead> <tr> <th colspan="2">Financials</th> <th colspan="2">Peer Comparison</th> </tr> </thead> <tbody> <tr> <td>Price (CS/sh):</td> <td>\$0.20</td> <td>Company</td> <td>Mkt Cap (CS)</td> </tr> <tr> <td>Basic S/O (M):</td> <td>232.9</td> <td>TSXV:MQR</td> <td>\$47</td> </tr> <tr> <td>Fully Diluted Shares (M):</td> <td>264.5</td> <td>TSXV:MTO</td> <td>\$50</td> </tr> <tr> <td>Market Cap (CS M):</td> <td>\$46.6</td> <td>TSX:ER</td> <td>\$41</td> </tr> <tr> <td>Cash (CS M):</td> <td>\$18.0</td> <td>TSX:ANX</td> <td>\$34</td> </tr> <tr> <td>Debt (CS M):</td> <td>\$0.0</td> <td>TSXV:IDM</td> <td>\$31</td> </tr> <tr> <td>EV (CS M):</td> <td>\$28.6</td> <td>TSXV:RDS</td> <td>\$14</td> </tr> <tr> <td>After-tax NPV @ 5%(US\$ M):</td> <td>\$18.3</td> <td>TSXV:VT</td> <td>\$245</td> </tr> <tr> <td>After-tax IRR:</td> <td>30.0%</td> <td>Peer Average</td> <td>\$27</td> </tr> </tbody> </table>		Financials		Peer Comparison		Price (CS/sh):	\$0.20	Company	Mkt Cap (CS)	Basic S/O (M):	232.9	TSXV:MQR	\$47	Fully Diluted Shares (M):	264.5	TSXV:MTO	\$50	Market Cap (CS M):	\$46.6	TSX:ER	\$41	Cash (CS M):	\$18.0	TSX:ANX	\$34	Debt (CS M):	\$0.0	TSXV:IDM	\$31	EV (CS M):	\$28.6	TSXV:RDS	\$14	After-tax NPV @ 5%(US\$ M):	\$18.3	TSXV:VT	\$245	After-tax IRR:	30.0%	Peer Average	\$27		
Financials		Peer Comparison																																									
Price (CS/sh):	\$0.20	Company	Mkt Cap (CS)																																								
Basic S/O (M):	232.9	TSXV:MQR	\$47																																								
Fully Diluted Shares (M):	264.5	TSXV:MTO	\$50																																								
Market Cap (CS M):	\$46.6	TSX:ER	\$41																																								
Cash (CS M):	\$18.0	TSX:ANX	\$34																																								
Debt (CS M):	\$0.0	TSXV:IDM	\$31																																								
EV (CS M):	\$28.6	TSXV:RDS	\$14																																								
After-tax NPV @ 5%(US\$ M):	\$18.3	TSXV:VT	\$245																																								
After-tax IRR:	30.0%	Peer Average	\$27																																								
<p>Sources: RCS, Thomson Reuters, Company Reports</p>																																											

Derek Macpherson | VP Mining Analysis
 Alex Pitcher | Associate, Mining Analysis

Red Cloud Klondike Strike Inc.
 105 King Street East, 2nd Floor
 Toronto ON, M5C 1G6
RCKSTalk@RedCloudKS.com
www.redcloudks.com/rcks-talk

Disclaimer

Red Cloud Klondike Strike Inc. is registered as an Exempt Market Dealer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador, and the Yukon. Part of Red Cloud Klondike Strike Inc.'s business is to connect mining companies with suitable investors that qualify under available regulatory exemptions (the "Red Cloud KS Business"). Red Cloud Klondike Strike Inc., its affiliates and associates, and their respective officers, directors, representatives, researchers and members of their families (collectively, "Red Cloud KS") may hold positions in the companies mentioned in this publication and may buy or sell, or buy and sell their securities or securities of the same class on the market or otherwise. Additionally, Red Cloud KS may have provided in the past, and may provide in the future, certain advisory or corporate finance services and receive financial and other incentives from issuers as consideration for the provision of such services. Red Cloud KS has prepared this publication for general information purposes only, **NOT** as part of the Red Cloud KS Business. This publication should not be considered a solicitation to purchase or sell securities or a recommendation to buy or sell securities. The information provided by Red Cloud KS for the purposes of this publication has been derived from sources believed to be accurate, but cannot be guaranteed. Opinions or analysis contained in this publication may be subject to change and Red Cloud KS does not undertake to advise the reader of such changes. This publication does **NOT** take into account the particular investment objectives, financial situations, or needs of individual recipients and other issues (e.g. prohibitions to investments due to law, jurisdiction issues, etc.) which may exist for certain persons. Recipients should rely on their own investigations and take their own professional advice before investment. Red Cloud KS will not treat recipients of this publication as customers or clients by virtue of having viewed this report.

Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Monarques Gold Corp.	TSXV:MQR	1,2,3,4

- 1) A member of Red Cloud KS team has visited/viewed material operations of the issuer.
- 2) In the last 12 months, Red Cloud KS has been retained under a service or advisory agreement by the subject issuer.
- 3) In the last 12 months, Red Cloud KS has received compensation for investment banking services.
- 4) Red Cloud KS or a member of the Red Cloud KS team or household, has a long position in the shares and/or the options of the subject issuer.
- 5) Red Cloud KS or a member of the Red Cloud KS team or household, has a short position in the shares and/or the options of the subject issuer.
- 6) Red Cloud KS or a member of the Red Cloud KS team own more than 1% of any class of common equity of the subject issuer.
- 7) A member of Red Cloud KS team or a member's household serves as a Director or Officer or Advisory Board Member of the subject issuer.