

CDPQ Invests \$5 Million in Monarch Gold to Support the Potential Re-Opening of the Beaufor Mine

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- The Corporation will undertake an extensive 42,500-metre drilling program on Beaufor.
- Monarch will incorporate artificial intelligence technologies to optimize target selection for its next drilling program and advanced analytics.
- The ultimate goal is to restart gold production at the Beaufor mine within 12 to 18 months to take advantage of the bull market.

MONTRÉAL, May 7, 2020 /CNW Telbec/ - [Monarch Gold Corp.](#) ("Monarch" or the "Corporation") (TSX: MQR) (OTCMKQ: MRQRF) (FRANKFURT: MR7) announces that it has signed an agreement with Caisse de dépôt et placement du Québec ("CDPQ") to sell a 3% net smelter return royalty on gold production at the Beaufor mine (the "NSR") for \$5 million.

The Corporation and CDPQ have also agreed to retain the services of GoldSpot Discoveries Corp. (TSXV: SPOT), a technology company that applies expert geoscience and advanced artificial intelligence algorithms to increase the efficiency and success of mineral exploration. The objective is to optimize the drilling program on the Beaufor property using advanced analytics and artificial intelligence technology.

"First and foremost, we would like to thank CDPQ for this strategic investment that could eventually give the Beaufor mine a new life," said Jean-Marc Lacoste, President and Chief Executive Officer of Monarch. "This investment is a turning point for the Beaufor mine, which still has considerable high-grade gold potential, as we demonstrated during our last drilling campaign, in 2018."

"To maximize our chances of success, we have retained the services of GoldSpot, who will assist us in selecting the optimal drilling targets throughout the program based on the historical data we have compiled over the past two years. Our ultimate goal is to restart gold production at the Beaufor mine within 12 to 18 months, which will allow us to take advantage of the bull market for gold and to create high-quality jobs for the local communities," added Mr. Lacoste.

"With CDPQ's investment, Monarch can pursue its exploration plan, which could ultimately lead to the re-opening of the Beaufor mine in Abitibi-Témiscamingue," said Kim Thomassin, CDPQ's Executive Vice-President and Head of Québec Investment Management and Stewardship Investing. "This transaction will pave the way for the company to integrate new artificial intelligence technologies into its exploration program, which is in line with our desire to encourage more companies from so-called traditional sectors to take the digital turn to improve their operational performance."

The \$5 million will be payable to Monarch in two installments: \$3 million upon closing of the transaction and an additional \$2 million once the Corporation has completed a total of 15,000 metres of drilling on the Beaufor property or within 60 days of the mine going into production.

Monarch will also have the option of redeeming a maximum of 2% NSR in accordance with the following terms:

- 1% once the Corporation has repaid the capital invested by CDPQ; and, thereafter,
- 1% in consideration of \$2.5 million, payable within five years following the closing of the transaction.

Summary of activities at Beaufor

Commercial gold production on the Beaufor property began in the 1930s with the Perron, Beaufor and Pascalis mines. The Beaufor property has produced approximately 4,854,000 tonnes of ore grading 7.5 g/t Au, for a total of 1,169,000 ounces of gold. Production was temporarily suspended on June 30, 2019, and the Beaufor mine is currently on care and maintenance.

During the past two years, Monarch has undertaken an extensive program of compiling all of the historical data and developing

comprehensive 3D geological model that incorporates geology, structure and mineralization, as well as the historical development (drifts and stopes).

Best historical drill results on Beaufor:

Hole number	From (m)	To (m)	Width* (m)	Grade (g/t)	Au Metal factor
106-35	1.70	11.89	10.19	23.63	241
126-09	41.14	50.05	9.36	22.60	212
145-10	5.80	11.80	6.00	34.23	205
BZ-117-09	0.00	8.00	8.00	21.86	175
81-44	44.64	52.15	7.50	23.08	173

*The widths shown are core lengths.

42,500-metre drilling program

The planned exploration program will be one of the largest exploration programs ever undertaken on the Beaufor property, consisting of approximately 270 drill holes for a total of 42,500 metres (see Beaufor Presentation). Exploration drilling will be conducted in several phases, including:

- Underground work in proximity to the exploration targets of the mine (high-grade intervals and isolated resource blocks)
- Near-surface and mine targets
- Targets below the current mine workings
- Regional exploration targets

Underground work in proximity to the exploration targets of the mine

This initial phase, representing the bulk of the exploration drilling, will focus on the underground near-mine targets defined by recent 3D modelling (see Figure 1). These holes will test areas near historical high-grade drill intersections and areas with known vein structures that remain open. These targets are all defined by high-grade intersections located near the underground infrastructure, thus requiring minimal development for mining purposes. They are also all located above the lowest development level (above 900 metres). These targets can easily be tested from the available underground workings, with the majority of the holes less than 200 metres long.

The second type of target related to underground near-mine targets will be the follow-up of isolated resource blocks that require a significant room for expansion. These resource blocks are typically defined by a single drill hole along a known mineralization structure, but continuity has not been demonstrated due to a lack of nearby drilling.

Near-surface and mine targets

A program of near-mine surface drilling will follow to test both the high-grade and isolated resource block targets that cannot be properly tested from the existing underground infrastructure (see Figure 2). These targets are located near the mine and are typically more than 300 metres below surface.

Targets below the current mine workings

A program of exploration drilling of the area below the current mine workings (below 900 metres) will be undertaken to test the extension of the known mineralization at depth, where mining left off prior to the temporary shutdown (see Figure 3). Recent wide-spaced drilling below the bottom of the mine has confirmed the extension of the mineralization. The planned program will target specific areas defined by previous high-grade intersections in an area extending down to 230 metres below the current mine workings.

Regional exploration targets

The final phase of the exploration drilling will consist of surface drill holes to test regional targets defined by historical mineralization and potential structures beyond the current limits of the underground infrastructure (see Figure 4).

Quality control and qualified person

Sampling normally consists of sawing the core into two equal halves along its main axis and shipping one of the halves to Val-d'Or for assaying at the ALS Geochemistry laboratory, which is fully accredited under ISO 17025. The samples are crushed, pulverized and assayed by fire assay with atomic absorption finish. Results exceeding 10.0 g/t are re-assayed using the gravity method. Certified standards and blanks are inserted into the sampling stream for quality control purposes. The technical and scientific content of this press release has been reviewed and approved by Louis Martin, P. Geo., the Corporation's Consultant Geologist and qualified person under National Instrument 43-101.

ABOUT MONARCH GOLD CORPORATION

[Monarch Gold Corp.](#) (TSX: MQR) is an emerging gold mining company focused on becoming a 100,000 to 200,000 ounce per year gold producer through its large portfolio of high-quality projects in the Abitibi mining camp in Quebec, Canada. The Corporation currently owns over 370 km² of gold properties (see map), including the Wasamac deposit (measured and indicated resource of 2.6 million ounces of gold), the Beaufor, Croinor Gold (see video), Fayolle, McKenzie Break and Swanson advanced projects, and the Camflo and Beacon mills. It also offers custom milling services out of its 1,600 tonne-per-day Camflo mill. www.monarquesgold.com

ABOUT CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

Caisse de dépôt et placement du Québec (CDPQ) is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans. As at December 31, 2019, it held CAD 340.1 billion in net assets. As one of the largest pension fund in Canada, CDPQ invests globally in financial markets, private equity, infrastructure, real estate and private debt. For more information, visit cdpq.com, follow us on Twitter @LaCDPQ or consult our Facebook or LinkedIn pages.

Forward-Looking Statements

The forward-looking statements in this press release involve known and unknown risks, uncertainties and other factors that may cause Monarch's actual results, performance and achievements to be materially different from the results, performance or achievements expressed or implied therein. Neither TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this press release.

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