



**MONETA PORCUPINE MINES INC.**

Management Discussion and Analysis

For the three months ended March 31, 2014



**MONETA PORCUPINE MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the three months ended March 31, 2014

This Management Discussion and Analysis (“**MD&A**”) provides a discussion and analysis of the financial condition and results of operations of Moneta Porcupine Mines Inc. (“**Moneta**” or the “**Company**”) to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the three months ended March 31, 2014. This MD&A should be read in conjunction with the annual consolidated financial statements and notes thereto for the year ended December 31, 2013. All amounts included in this MD&A are in Canadian Dollars.

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). This MD&A has an effective date of May 13, 2014, the date this MD&A was reviewed by the Audit Committee and approved by the Board of Directors.

Additional information related to the Company is available in Moneta’s Annual Information Form dated March 27, 2014 for the year ended December 31, 2013 (“**AIF**”). The AIF and other continuous disclosure documents, including the Company’s press releases and quarterly reports are available through its filings with the securities regulatory authorities in Canada at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.monetaporcupine.com](http://www.monetaporcupine.com).

The MD&A is presented in the following sections:

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**FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT**

This MD&A may contain certain forward looking statements concerning the future performance of Moneta’s business, its operations and its financial performance and condition, as well as management’s objectives, strategies, beliefs and intentions. These forward-looking statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management’s expectations. Forward-looking statements include estimates and statements that describe the Company’s future plans, objectives or goals, its ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, and include words to the effect that the Company or management expects a stated condition or result to occur. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Statements relating to estimates of reserves and resources are also forward-looking statements as they involve risks and assumptions, including but not limited to assumptions with respect to future commodity prices and production economics, that the reserves and resources described exist in the quantities and grades estimated and are capable of economic extraction. Forward-looking statements may be identified by such terms as “believes”, “anticipates”, “expects”, “estimates”, “may”, “could”, “would”, “will”, or “plan”. All forward-looking information is inherently uncertain and subject to risks, uncertainties, and a variety of assumptions to address future events and conditions. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.



## OUTLOOK

The Company continues to believe that the 12-kilometre belt of volcanics straddling the Destor Porcupine Fault Zone at *Golden Highway* holds the best potential for high grade gold mineralization. Given its proximity to the existing NI 43-101 gold resource of 4.3 million ounces, these volcanics will be the top exploration focus in 2014.

The Company plans to update the NI 43-101 Resource Estimate during Q4 2014 on the *Golden Highway*. In-fill drilling on 50m spacing completed in 2013 within and adjacent to the planned pits confirmed similar grade and widths. As result, management does not expect a significant change in tonnage or grade on the next resource update.

## CORPORATE OVERVIEW

Moneta Porcupine Mines Inc. ("**Moneta**" or the "**Company**") is a resource exploration and development company incorporated pursuant to the laws of the Province of Ontario on October 14, 1910. The Company is a former gold producer but has no properties currently in production and no production revenues at the present time.

Moneta is a "reporting issuer" in the Canadian provinces of Ontario, Alberta and Quebec. The Company's common shares trade on the Toronto Stock Exchange ("**TSX**") under the symbol ME, on the United States OTC market under the symbol MPUCF, and the Berlin Stock Exchange, the Xetra, and Frankfurt Stock Exchange under the symbol MOP.

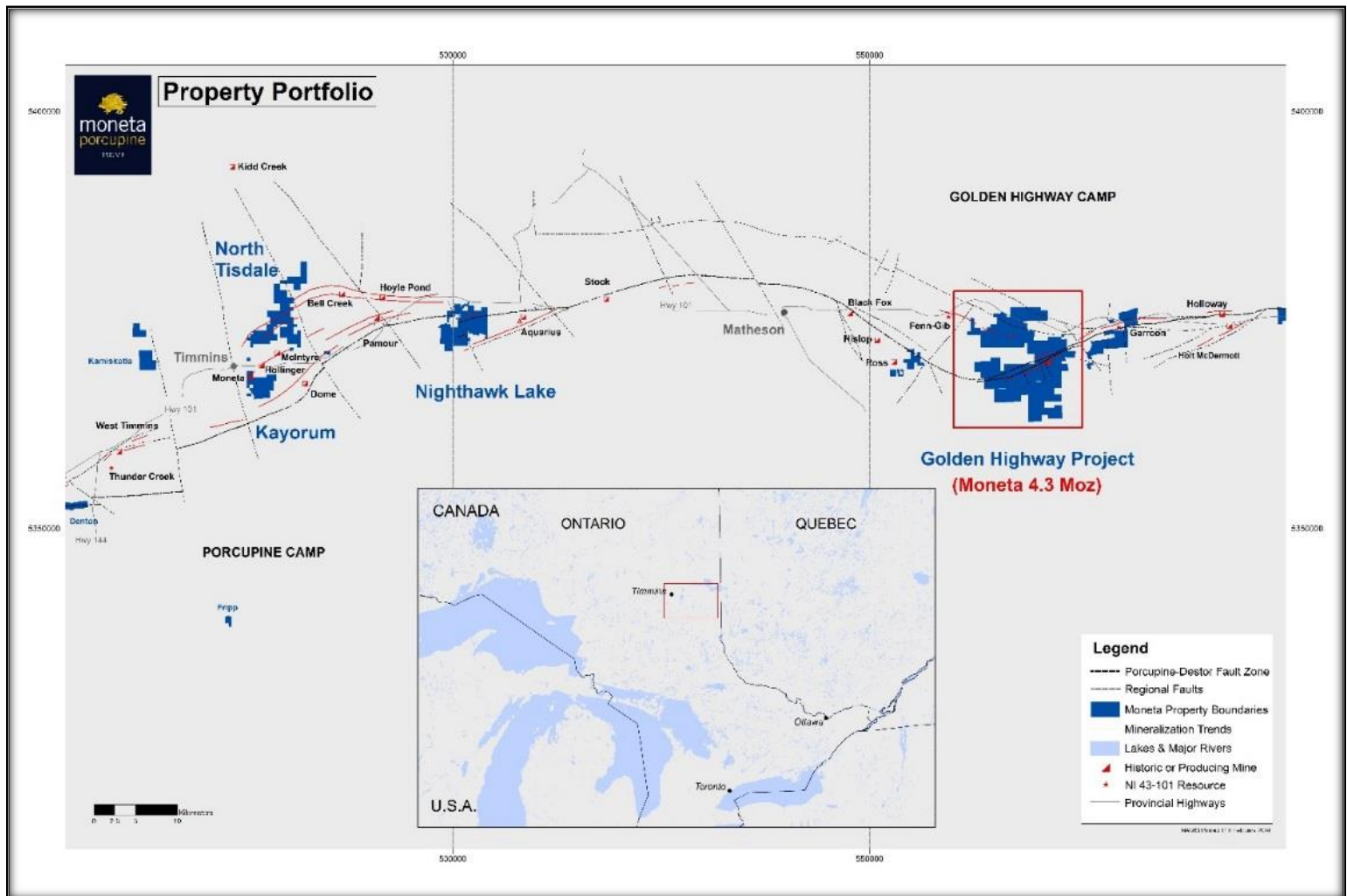
Moneta holds a 100% interest in 5 core gold projects strategically located on or along the Destor Porcupine Fault Zone ("*Destor*"), one of the key structural features in the Abitibi Greenstone belt in Ontario, with world class infrastructure including access roads, water, electricity, and mills. Most gold mineralization in the region is associated with the Destor, including significant resources and producing mines now operated by Porcupine Gold Mines (Goldcorp) and several others such as Lake Shore Gold, Primero Mining (formerly Brigus Gold), and St Andrew Goldfields. The Golden Highway Camp area has experienced rapid advancement of large bulk tonnage gold resources by Moneta and others, reflecting the strong regional gold potential.

Moneta's additional property interests include a base metal portfolio, with some properties containing nickel-copper and copper zones.

Moneta's land position for gold exploration is one of the best, and fourth largest, in the world class Timmins Camp – after three gold producers – including a commanding position in the emerging Golden Highway Camp, with a significant **4.3 million ounce gold resource** (NI 43-101 - all categories, October 25, 2012).

The *Porcupine Camp* and *Golden Highway Camp* (here collectively referred to as "**Timmins Camp**") is one of the most prolific gold-producing areas in the world with over 75 million ounces of gold produced primarily from some 26 mines, each of which generated more than 100,000 ounces.

The Company is leveraged to exploration, with very low overhead and fixed costs and one of the highest ratios of dollars raised to exploration dollars spent in the ground of any junior explorer. It is operated by a strong technical and management team which maintains a low-cost Timmins-based exploration operation with its own field office, rolling stock and equipment, and proprietary drill core logging and storage facility (core shack).



**Figure I: Moneta's Key Gold Exploration Properties**

## RESULTS OF OPERATIONS

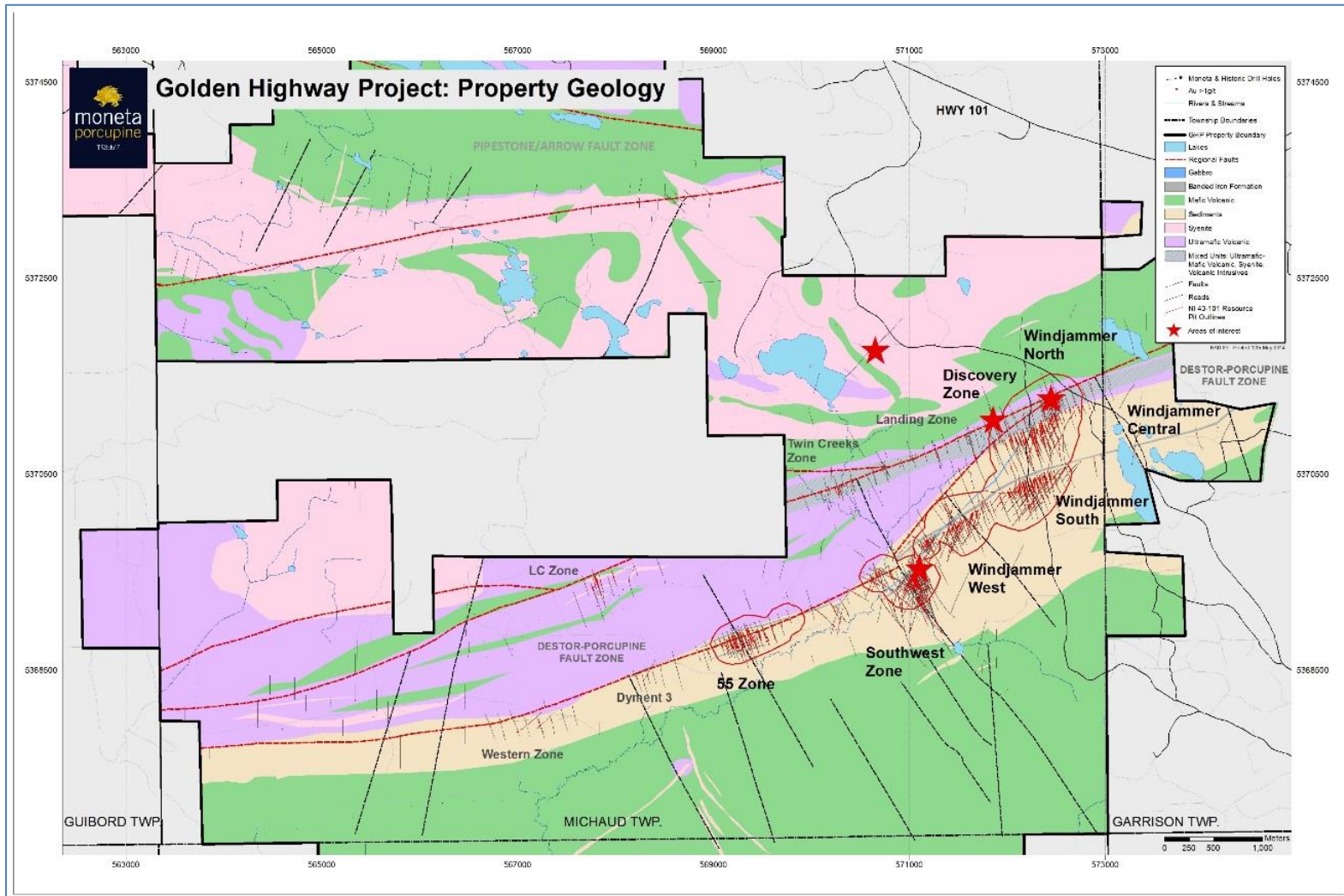
### Golden Highway Project

Moneta's primary gold exploration and resource development focus is the *Golden Highway* centered in Michaud Township 100 km east of Timmins, Ontario along Highway 101, a major all-season route. Moneta has a 100% ownership interest in the largely contiguous land package of 669 claim units or approximately 10,600 hectares that contain a significant gold resource.

A total of 7,500 metres of drilling was completed in Q1 2014. Exploration activities were successful in:

- Expanding the resource potential of the Discovery Zone centered on Hole MGH13-077 hosted within the volcanics and immediately adjacent to the conceptual NI 43-101 open pit;
- Confirming the existence of significant mineralized widths hosted in the volcanics through the review of historical core available at Moneta's core shack;

- Confirming the continuity of the same Discovery Zone geological structure across 6+ km of the volcanic belt as it crosses the *Golden Highway*;
- Assessing the scale and distribution of the high-grade gold mineralization in the volcanics;
- Initiating drilling on a highly prospective geophysical feature that suggests the presence of a structural break splaying northwest off the east-westerly Destor Porcupine corridor through the central portion of *Golden Highway*;



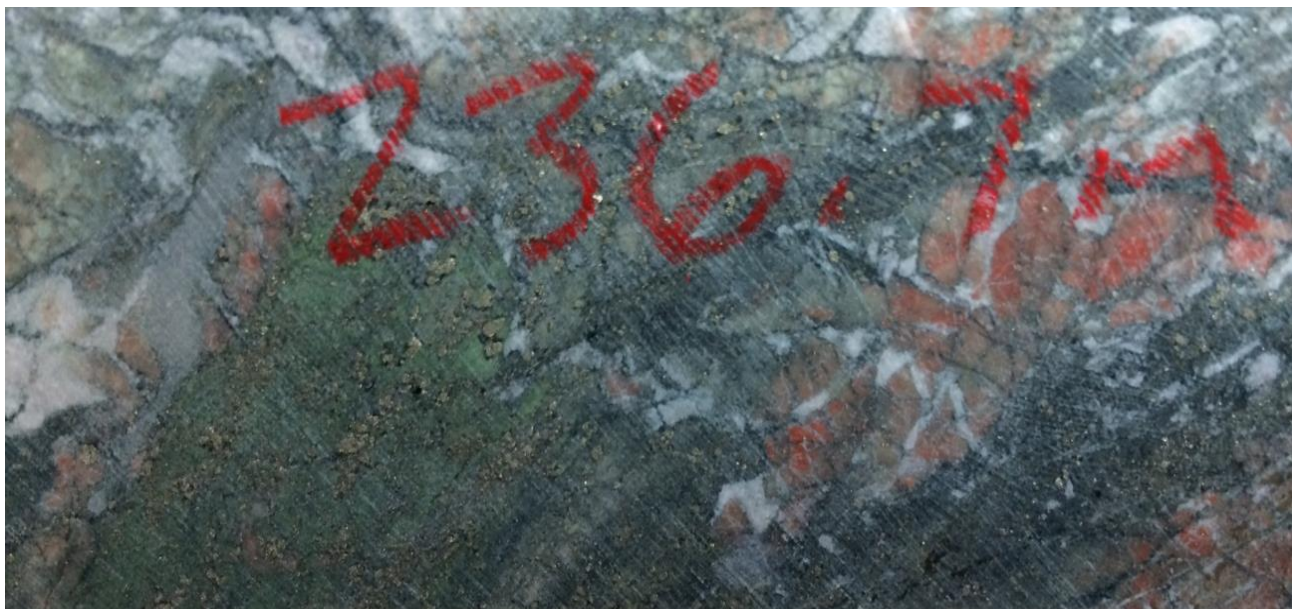
**Figure 2 – Geological map of Golden Highway, and location of the current gold resources (red perimeter).  
 Field activities conducted in Q1 2014 indicated by red stars.**

MGH13-077 was the first of a series of stratigraphic drill holes designed to assess the high grade potential of the volcanic assemblage that crosses *Golden Highway*'s 12-kilometer strike length. MGH13-077 tested a 400 metre gap in historical drilling between the *Windjammer North* and the *Landing* gold zones (Figure 2).



The volcanic host rock from MGH13-077 exhibits intense structural preparation and related alteration to support gold mineralization. MGH13-077 was particularly impressive with uniform gold distribution (2.02 g/t) over a significant width (114.5 metres).

The Discovery Zone is characterized by intense brecciation of the mafic/ultramafic volcanic flows and intercalated felsic intrusives (syenite). The intensity of the alteration products (hematite-carbonate-sericite, and chlorite-pyrite fracture filling) varied from drill hole to drill hole in Q1 2014, but was always present.



**Photograph I: MGH13-077 - Discovery Zone deformation and alteration characteristics**

Q1 2014 drilling consisted of several aggressive step-out drill holes, both on section (above/below drill hole MGH13-077), and along strike (east and west), from the discovery. By the end of Q1 2014, a total of 9 holes successfully intercepted the broadly-mineralized system.

Drill hole MGH13-088 encountered strongly-developed deformation and alteration/mineralization mimicking MGH13-077, and sampling produced three individual higher-grade gold zones over a 165 metre target window, including: **4.8 g/t over 9.6 m**, **2.8 g/t over 16.7 m**, and **1.5 g/t over 13.4 m**. The MGH13-088 results approximately 100 metres west of the discovery are significant.

MGH13-083 was designed to test the zone's extension to depth, on the same section (34025) as MGH13-077. It was successful, encountering similar mineralization styles that produced a **1.4 g/t over 30.7 m** intercept an impressive 250 metres (vertical) below the discovery.

MGH13-092, collared nearby, deflected 40 metres eastwards before encountering the zone's depth extension 200 metres below the intercept in MGH13-077. Assays results included **1.24 g/t over 29.8 m**.

Three holes drilled 100 metres to the east of the discovery on section 34023 verified the eastern strike extension of the structure (070° azimuth). Similar intensities of brecciation and alteration were noted in each. Continuous sampling

throughout the target projection generated anomalous gold values in MGH13-087 (1.72 g/t Au over 9 m) and MGH13-093 (0.9 g/t over 5.5 metres);

Q1 2014 drilling in the volcanics also successfully confirmed significant intercepts at the south volcanic/sedimentary contact. Assays results include MGH13-89 that returned **3.41 g/t over 18.2 m** including **4.84 g/t over 11.2 m** at the 430-metre level, immediately adjacent to the (Windjammer Central) conceptual open pit area.

Highlights of drill results, received in Q1 2014, follow:

| Drill hole                                           | Section | From (m)                                                                                              | To (m)                                                                                                | Width (m)                                                                       | Au (g/t)                                                                     | Target                                                |
|------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------|
| MGH13-075                                            | 34049   | 324.00<br>390.00                                                                                      | 330.00<br>395.26                                                                                      | 6.00<br>5.26                                                                    | 1.74<br>6.02                                                                 | Southwest Zone                                        |
| MGH13-076<br>incl.                                   | 34051   | 1158.50<br>1222.50                                                                                    | 1206.00<br>1230.00                                                                                    | 47.50<br>7.50                                                                   | 1.29<br>2.09                                                                 | Southwest Zone                                        |
| MGH13-077<br>incl.<br>incl.<br>and<br>incl.<br>incl. | 34025   | 130.50<br>130.50<br>153.00<br>153.00<br>204.30<br>233.00<br>449.40                                    | 245.00<br>221.90<br>177.00<br>162.00<br>221.90<br>245.00<br>472.33                                    | 114.50<br>91.40<br>24.00<br>9.00<br>17.60<br>12.00<br>22.93                     | 2.02<br>2.30<br>3.90<br>5.50<br>2.80<br>2.10<br>1.24                         | Discovery Zone<br><br><br><br><br><br>Windjammer Zone |
| MGH13-078                                            | 34052   | 89.50<br>154.05                                                                                       | 105.70<br>155.50                                                                                      | 16.20<br>1.45                                                                   | 1.53<br>2.43                                                                 | Southwest Zone                                        |
| MGH13-079                                            | 34025   | NSV                                                                                                   |                                                                                                       |                                                                                 |                                                                              | Volcanic Stratigraphy                                 |
| MGH13-080<br>incl.<br>incl.                          | 34050   | 87.00<br>771.00<br>862.50<br>934.50<br>1023.00<br>1033.50<br>1063.50<br>1153.50<br>1153.50<br>1200.00 | 90.00<br>779.50<br>867.00<br>937.50<br>1039.50<br>1039.50<br>1071.00<br>1174.50<br>1162.50<br>1213.00 | 3.00<br>8.50<br>4.50<br>3.00<br>16.50<br>6.00<br>7.50<br>21.00<br>9.00<br>13.00 | 0.99<br>3.45<br>1.41<br>4.78<br>2.86<br>5.92<br>1.14<br>2.15<br>4.33<br>1.05 | Southwest Zone                                        |
| MGH13-081A                                           | 34025   | 235.40<br>253.00<br>265.70                                                                            | 239.70<br>260.00<br>270.10                                                                            | 4.30<br>7.00<br>4.40                                                            | 1.63<br>0.94<br>1.75                                                         | Volcanic Stratigraphy                                 |
| MGH13-082<br>incl.                                   | 34013   | 256.50<br>297.50                                                                                      | 324.50<br>317.00                                                                                      | 68.00<br>19.50                                                                  | 0.74<br>1.04                                                                 | Windjammer Zone                                       |
| MGH13-083                                            | 34025   | 488.00<br>526.20                                                                                      | 518.70<br>527.70                                                                                      | 30.70<br>1.50                                                                   | 1.39<br>2.45                                                                 | Discovery Zone                                        |
| MGH13-084                                            | 34012   | 68.44<br>213.00                                                                                       | 72.20<br>222.00                                                                                       | 3.76<br>9.00                                                                    | 0.97<br>1.72                                                                 | Windjammer North                                      |
| MGH13-085A                                           | 34011   | Results Pending                                                                                       |                                                                                                       |                                                                                 |                                                                              | Windjammer North                                      |
| MGH13-086                                            | 34044   | NSV                                                                                                   |                                                                                                       |                                                                                 |                                                                              | Splay Transect                                        |
| MGH13-087                                            | 34023   | 213.00                                                                                                | 222.00                                                                                                | 9.00                                                                            | 1.72                                                                         | Discovery Zone                                        |
| MGH13-088<br>incl.<br>and<br>incl.                   | 34027   | 150.50<br>159.50<br>211.74<br>251.00<br>254.00                                                        | 163.90<br>162.50<br>213.20<br>267.70<br>266.50                                                        | 13.40<br>3.00<br>1.46<br>16.70<br>12.50                                         | 1.45<br>5.13<br>1.83<br>2.78<br>3.32                                         | Discovery Zone                                        |

|                  |       |       |                        |        |       |      |                        |
|------------------|-------|-------|------------------------|--------|-------|------|------------------------|
|                  | incl. |       | 305.70                 | 315.30 | 9.60  | 4.77 |                        |
|                  |       |       | 308.00                 | 315.30 | 7.30  | 5.18 |                        |
|                  |       |       | 502.50                 | 507.00 | 4.50  | 1.21 |                        |
| <b>MGH13-089</b> |       | 34023 | 366.90                 | 367.60 | 0.70  | 2.08 | <b>Discovery Zone</b>  |
|                  | incl. |       | 379.70                 | 381.00 | 1.30  | 3.02 |                        |
|                  |       |       | 540.50                 | 558.70 | 18.20 | 3.41 | <b>Windjammer Zone</b> |
|                  | incl. |       | 543.00                 | 554.20 | 11.20 | 4.84 |                        |
| <b>MGH13-090</b> |       | 34027 | 341.10                 | 350.00 | 8.90  | 0.69 | <b>Discovery Zone</b>  |
|                  |       |       | 359.50                 | 434.00 | 74.50 | 0.92 | <b>Windjammer Zone</b> |
|                  | incl. |       | 370.00                 | 434.00 | 64.00 | 1.01 |                        |
|                  | incl. |       | 391.00                 | 424.00 | 33.00 | 1.64 |                        |
| <b>MGH13-091</b> |       | 34039 | <i>Results Pending</i> |        |       |      | <b>Splay Tract</b>     |
| <b>MGH13-092</b> |       | 34025 | 455.40                 | 485.20 | 29.80 | 1.24 | <b>Discovery Zone</b>  |
|                  | incl. |       | 455.40                 | 479.00 | 23.60 | 1.43 |                        |
|                  |       |       | 533.60                 | 536.10 | 2.50  | 1.60 |                        |
|                  |       |       | 614.10                 | 639.30 | 25.20 | 0.61 | <b>Windjammer Zone</b> |
|                  | incl. |       | 624.60                 | 626.10 | 1.50  | 4.55 |                        |
| <b>MGH13-093</b> |       | 34023 | 535.90                 | 541.40 | 5.50  | 0.90 | <b>Discovery Zone</b>  |
|                  |       |       | 644.20                 | 650.00 | 5.80  | 0.83 |                        |
| <b>MGH13-094</b> |       | 34039 | <i>Results Pending</i> |        |       |      | <b>Splay Tract</b>     |
| <b>MGH13-095</b> |       | 34025 | 74.30                  | 83.70  | 9.40  | 1.00 | <b>Discovery Zone</b>  |
|                  | incl. |       | 80.00                  | 83.70  | 3.70  | 1.73 |                        |
|                  |       |       | <i>Results Pending</i> |        |       |      |                        |

**Table I – Highlights of assay results received during Q1, 2014**

### **Windjammer North**

Drilling in Q1 2014 included a preliminary four hole campaign (1,068 metre) at *Windjammer North* to verify connectivity between assay clusters that historically reported a dozen gold values exceeding 8.0 g/t.

The higher-priority logging/sampling demands from the Discovery Zone nearby has delayed the flow of data from this effort, but initial observations and assays from Hole MGH13-084 suggest the historic zones may be connected in a vertical sense. Well-developed alteration was observed in MGH13-084 with initial results including 1.72 g/t Au over 9 m. Assay results are pending and further interpretation is underway.

Preliminary re-interpretation of the historical drill core and data, coupled with recent logging observations from Q1 2014 drilling, suggest that the *Windjammer North* higher-grade system may be more broadly disseminated than historically interpreted. The relatively shallow high grade intercepts and lack of drill density suggests that the gold system remains open to depth, to the east, and to the west towards the MGH13-077 Discovery Zone.

### **Exploration target**

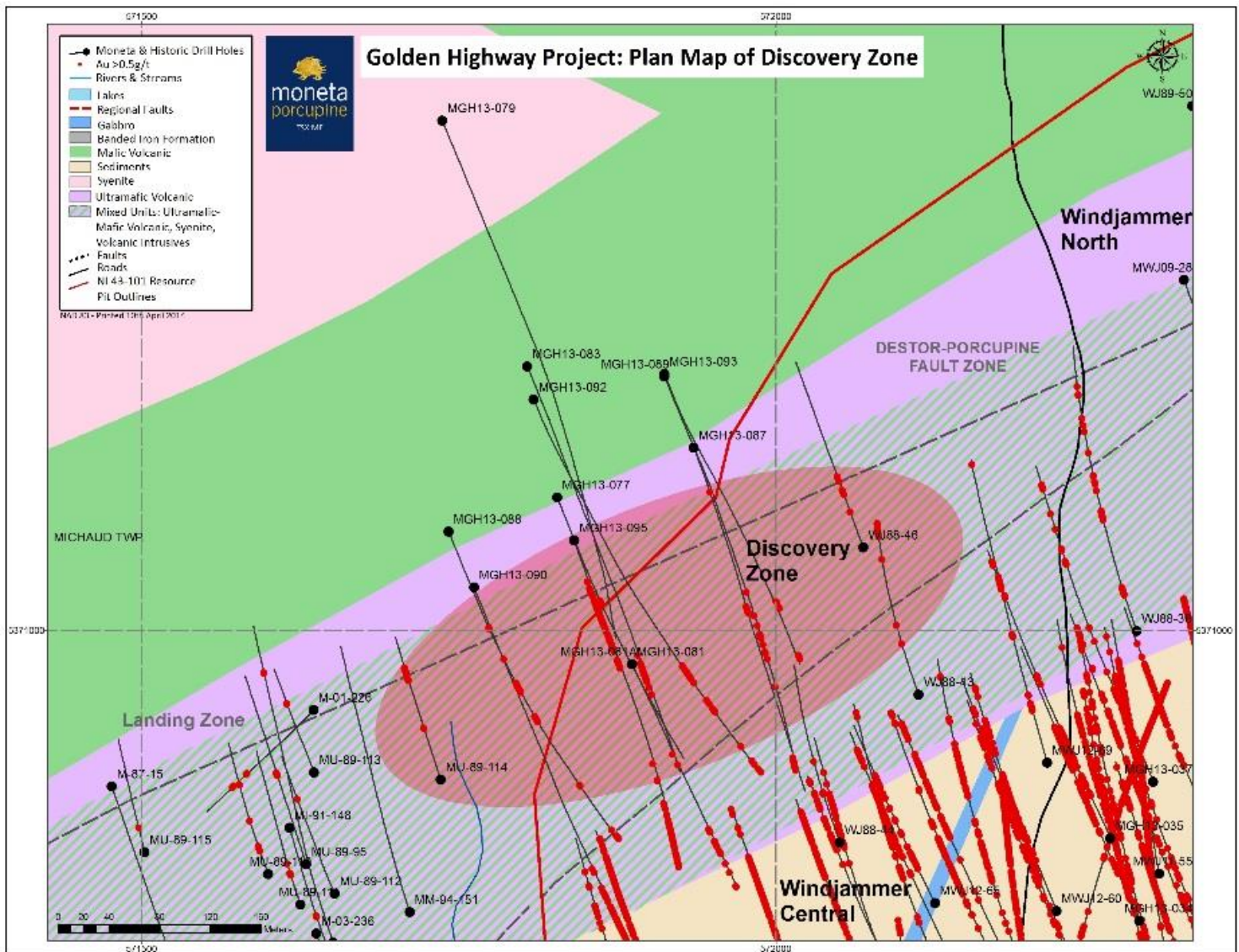
During Q1 2014, a preliminary three hole (1,638 meters drilling) south-western 'fence' was drilled across an interpreted splay or branch, approximately 1.5 kilometres north of the recent MGH13-077 discovery hole and the Destor conduit. Interpretation of a high-resolution airborne (magnetic) geophysical survey (AMAG, 1995) indicated a linear belt of significantly lower magnetic responses and suggested the presence of an underlying splay structure heading in a northwest trend away from the broad Destor corridor.

Favourable drill results could lead to an entirely new exploration trend within the under-explored central portion of the *Golden Highway* and adjacent to the NI 43-101 gold resource of 4.3 million ounces. The drill core was scrutinized for any indication of deformation (faulting, shearing, etc.) and corresponding alteration-mineralization of the host rocks. This drilling was effective in 'mapping out' the previously unknown bedrock and confirming the presence of felsic



porphyries that dominate the stratigraphy to the west. Localized shearing and related hematite-pyrite development emplacement was reported from the first hole (MGH13-086), and preliminary interpretation is that it may be the source of the geophysical feature. With confirmed structure and anomalous gold values, this target area warrants further investigation. Sampling and assays remain incomplete for the other two holes (MGH13-091 and MGH13-094), and will be reported when assays are received.

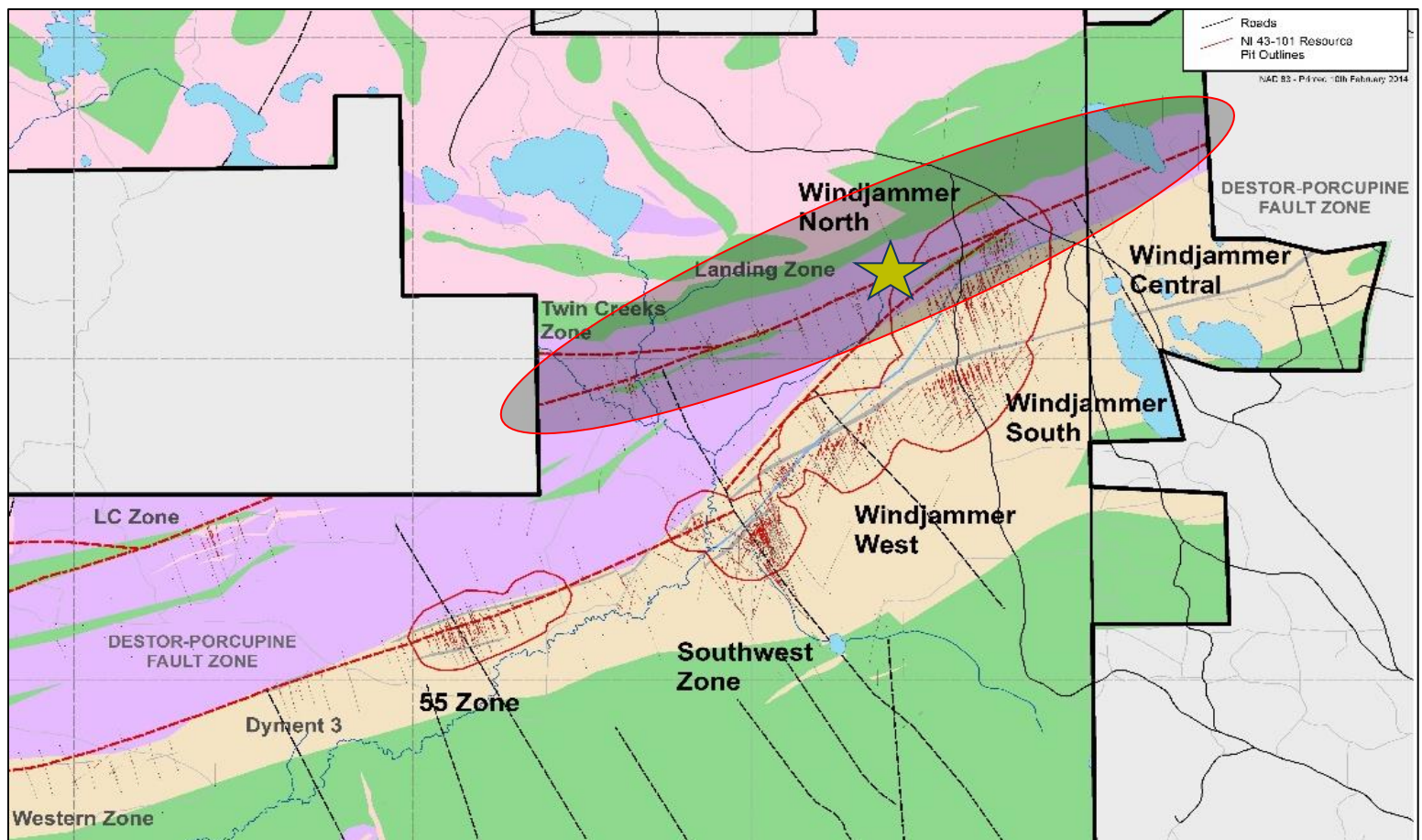
The encouraging results from Q1 2014 confirms that the volcanic package along the Destor Porcupine Fault Zone holds significant potential for high grade gold mineralization immediately adjacent to the existing NI 43-101 gold resource. Continued success in these volcanics has the potential to dramatically add to the overall *Golden Highway* project economics.



**Figure 4 – Location of key intersections reported within the Discovery Zone in Q1, 2014**

The Discovery Zone structure has been identified over a minimum 200 metre east/west strike length, 500 metres in depth from surface, and up to 100 metres in true width. The structure appears to be vertically oriented and is currently open in all dimensions.

The technical team recently commenced the inspection of historical drill core for approximately 50 drill holes which Moneta has available at its Timmins core shack. Preliminary conclusions are extremely favorable as the same geological structure has been confirmed along at least 50% of the 'north branch' (Figure 5) of the Destor Porcupine corridor as it crosses the 12 kilometers of strike along our *Golden Highway*. The drill core inspection efforts are ongoing and will extend to the western half of the *Golden Highway*.



**Figure 5 – North branch of Destor Porcupine Fault Zone**

#### **Planning and preparation - NI 43-101 Update**

An updated Mineral Resource Estimate was originally planned for *Golden Highway* in Q1 2014, incorporating all 2013 drilling. The Company has deferred the timing given the significance of the Hole 77 discovery (2.02g/t over 114.5m - February 28, 2014 press release) which, with continued success on the step-out drilling currently underway, may materially alter the modelled pit and overall project economics. The Company plans to update the NI 43-101 Resource Estimate during Q4 2014 on the *Golden Highway*.



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**PORCUPINE CAMP**

Moneta continues to maintain a large land holding in *Porcupine Gold Camp* which includes the gold properties North Tisdale, Nighthawk Lake, Kayorum, and Denton-Thorneloe. Additional properties with strategic value are historical base metal projects and include Loveland Nickel, Kamiskotia, and Fripp.

There has been no field activity in Q1 2014 on the Porcupine Camp properties.

**North Tisdale**

The Company is in the process of taking several staked mining claims to mining lease status.

**Kayorum: Moneta Mine – Closure Plan**

The Moneta Mine mined the continuation of Hollinger Mine veining across the property boundary from 1938 to 1943 with a total production of 150,000 oz gold from 300,000 tons at an average grade of 0.47 oz/t.

Moneta completed geotechnical work in 2011 on the former mine workings including geophysics, diamond drilling, and progressive rehabilitation of identified hazards (capping a fill raise and small historical shaft). Work was completed to support a closure plan for the Ministry of Northern Development Mines (“**MNDM**”) which was initially submitted by the Company in 2011, subsequently amended, but remains outstanding due to minor issues.

There has been progress on the closure plan with meetings during 2013 and subsequent correspondence the MNDM. Management is awaiting decisions and guidance on minor issues from the MNDM.

**Moneta Mine – Tailings Pond**

In 2012, the Company entered into discussions with the MNDM regarding residual 1939 start-up tailings from the former Moneta Mine production. Moneta re-processed most of the tailings in 1995 except for tailings located directly under (Ontario) Hydro One (“**Hydro One**”) poles connected to the adjoining Hydro One power station.

The Company engaged an independent consultant in 2012 to undertake a water sampling program from the tailings pond. The consultant confirmed that minor contaminants are being generated from the residual tailings which remain under the hydro poles. The Company also met with Hydro One and completed a joint site visit. Hydro One confirmed a modification plan to its adjacent substation layout and its intent to relocate the hydro poles outside the tailings pond by 2014. This timeline was communicated to the MNDM and accepted as reasonable.

A site visit by Hydro One was attended by a Company representative in Q1 2014 to plan the 2014 work (to be funded by Hydro One) to remove the hydro poles, including possible flattening of the residual tailings cones. If required, the residual tailings, estimated to be less than 1,000 tons, will be removed and possibly re-processed which will offset associated costs.

**FINANCIAL REVIEW**

The interim consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards (“**IFRS**”) applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance





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its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

This section discusses significant changes in the Interim Consolidated Statements of Financial Position, the Statements of Changes in Shareholders' Equity, the Statements of Loss (Earnings) Comprehensive Loss (Earnings) and Deficit, and the Statements of Cash Flows for the three months ended March 31, 2014.

### SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's key consolidated financial information for the last eight quarters:

| Highlights<br>(\$ except per share data)          | 2014<br>Mar 31   | 2013      |           |           |           | 2012    |         |           |
|---------------------------------------------------|------------------|-----------|-----------|-----------|-----------|---------|---------|-----------|
|                                                   |                  | Dec 31    | Sep 30    | Jun 30    | Mar 31    | Dec 31  | Sep 30  | June 30   |
| Revenue                                           | -                | -         | -         | -         | -         | -       | -       | -         |
| Loss (earnings) and comprehensive loss (earnings) | <b>1,148,864</b> | 1,885,257 | 1,732,270 | 1,318,896 | (346,249) | 941,549 | 740,307 | 1,153,284 |
| Loss (earnings) per share                         | <b>\$0.01</b>    | \$0.01    | \$0.01    | \$0.00    | (\$0.00)  | \$0.01  | \$0.01  | \$0.00    |

### SIGNIFICANT EVENTS DURING Q1 2014

Exploration and evaluation expenditures are expensed under IFRS (previously capitalized under Canadian GAAP). A total of \$1,049,072 was incurred during Q1 2014 as compared to \$869,132 in Q1 2013. Drilling was focused on the Company's *Golden Highway Project*, as explained above under **RESULTS OF OPERATIONS**.

### CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the three months ended March 31, 2014 and 2013 and the corresponding notes thereto. All references to years "Q1 2014" or "Q1 2013" relate to the periods ended March 31 of those years unless stated otherwise. Moneta has not generated any material operating revenues as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported a loss and comprehensive loss of \$1,148,864 in Q1 2014 as compared to earnings and comprehensive earnings of \$346,249 in Q1 2013. The loss and comprehensive loss includes a Q1 2013 deferred tax recovery of \$1,385,287 which results in earnings and comprehensive earnings for the prior reporting period.

Exploration and evaluation expenditures were \$1,049,072 in Q1 2014 as compared to \$869,132 in Q1 2013 primarily on the *Golden Highway* project. Further details are presented in the table below:

| For the three months ended March 31,    | 2014             |             | 2013           |             |
|-----------------------------------------|------------------|-------------|----------------|-------------|
|                                         | \$               |             | \$             |             |
| <i>Golden Highway Project</i>           |                  |             |                |             |
| Drilling                                | <b>691,367</b>   | <b>66%</b>  | <b>645,237</b> | <b>74%</b>  |
| Lab assay costs                         | <b>82,295</b>    | <b>8%</b>   | <b>37,247</b>  | <b>4%</b>   |
| Wages, benefits and contract labour     | <b>228,918</b>   | <b>23%</b>  | <b>139,948</b> | <b>16%</b>  |
| Other                                   | <b>46,492</b>    | <b>4%</b>   | <b>46,699</b>  | <b>5%</b>   |
| Exploration and evaluation expenditures | <b>1,049,072</b> | <b>100%</b> | <b>869,132</b> | <b>100%</b> |



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Drilling expenditures were \$691,367 in Q1 2014 as compared to \$646,237 in Q1 2013 and represented 66% (Q1 2013: 74%) of the total exploration and evaluation expenditures and reflecting a negotiated reduction in period over period drilling rates. Lab assay costs were \$82,295 in Q1 2014 as compared to \$37,247 in Q1 2013 and represented 8% (Q1 2013: 4%) of the total exploration and evaluation expenditures. Wages, benefits and contract labour increased to \$228,918 in Q1 2014 as compared to \$139,948 in Q1 2013 and represented 23% in Q1 2014 (Q1 2013: 16%) of the total exploration and evaluation expenditures and reflected changes made to the technical operating team.

Share based compensation, related to options vested during the period, was \$14,515 in Q1 2014 as compared to \$20,953 in Q1 2013. Management fees, wages and tax benefits were \$53,000 in Q1 2014 as compared to \$98,372 in Q1 2013. General & administration expenses were \$38,336 in Q1 2014 significantly down from \$98,372 in Q1 2013 as a result of cost containment measures. Legal and audit expenses were \$8,315 as compared to \$7,500 in Q1 2013. Other income was \$9,309 in Q1 2014 as compared to \$9,303 in Q1 2013 relates to royalty income from a perlite operation. The unrealized gain on investments resulting from fluctuations in market value, was \$931 in Q1 2014 as compared to \$465 in Q1 2013. Interest income was \$4,134 in Q1 2014, as compared to \$22,297 in Q1 2013, representing interest earned on lower cash balances period over period.

Deferred tax recovery in Q1 2014 was \$NIL as compared to \$1,385,287 in Q1 2013, which represented the flow through premium (2013: 35% - \$0.35 issue price / \$0.26 stock price) over the prevailing stock price on the structured flow through share issuance in December 2012. The flow through premium is reported as a temporary non-cash 'deferred premium on flow through shares' liability on the statement of financial position and was reversed, in the normal course upon flow through renunciation in March 2013, to the 'deferred tax recovery' on the consolidated statements of loss (earnings), comprehensive loss (earnings) and deficit.

### **CONSOLIDATED FINANCIAL POSITION**

This section should be read in conjunction with the Consolidated Statements of Financial Position and Statements of Changes in Shareholders' Equity as at March 31, 2014 and December 31, 2013 and the corresponding notes thereto.

#### **Consolidated assets**

Consolidated assets were \$3,639,004 at March 31, 2014 as compared to \$5,376,653 as at December 31, 2013. Cash and equivalents were \$1,518,327 at March 31, 2014 as compared to \$3,361,056 at December 31, 2013, with the decline due to 2013 exploration and evaluation expenditures.

Exploration and evaluation assets were \$1,760,159 at March 31, 2014 as compared to \$1,743,537, at December 31, 2013, representing the capitalization of project acquisition costs and expensing of historically capitalized (deferred) exploration expenditures.

#### **Consolidated liabilities**

Consolidated liabilities were \$313,666 at March 31, 2014 as compared to \$916,966 at December 31, 2013. In March 2013, the Company renounced, in the normal course, \$5,387,227 of flow through expenditures to flow-through subscribers. As a result, the non-cash 'deferred premium on flow-through shares' liability of \$1,385,287 was reversed from the statement of financial position to a deferred tax recovery credit on the consolidated statements of loss (earnings) and comprehensive loss (earnings) and deficit.

#### **Shareholders' equity**

Shareholders' equity was \$3,325,338 at March 31, 2014 as compared to \$4,459,687 at December 31, 2013. The decline is primarily due to the loss and comprehensive loss of \$1,148,864 for the three months ended March 31, 2014.





### **LIQUIDITY AND CAPITAL RESOURCES**

This section should be read in conjunction with the Consolidated Statements of Financial Position as at March 31, 2014 and 2013 and the corresponding notes thereto.

The consolidated working capital ratio at March 31, 2014, was 6 : 1 as compared to 4 : 1 at December 31, 2013. The Company held \$1,518,327 in cash and equivalents at March 31, 2014 (December 31, 2013 - \$3,361,056), \$304,919 (December 31, 2013 - \$222,960) in sales taxes recoverable, and \$31,131 (December 31, 2013 - \$ 30,151) in short term interest receivable.

Current liabilities at March 31, 2014 include accounts payable and accrued liabilities of \$313,666 (December 31, 2013 - \$916,966) primarily related to unpaid exploration and evaluation expenditures incurred during the quarter and payable in the normal course.

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the three months ended March 31, 2014.

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

The Company manages capital in proportion to risk and manages the mineral properties and capital structure based on economic conditions and prevailing gold commodity pricing and trends. The Company relies on equity financings to maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

Moneta has not earned significant revenues to date. As a result, the most meaningful information concerning the Company's financial position relates to its liquidity and solvency position. The Company raises funds for its operations primarily through the issuance of common shares.

The Company has sufficient working capital to meet its current obligations and currently planned operating costs and expenditures on its mineral properties. The Company intends to strategically advance its *Golden Highway Project* by way of additional exploration programs. Moneta intends to seek additional capital resources, when required, from equity financings, including flow-through, as market conditions permit. Although the Company has been successful in the past in raising funds, there can be no assurance that any funding required by the Company in the future will be available to it and, if such funding is available, that it will be offered on reasonable terms. In the event the Company is unsuccessful at raising such funds, it may not be able to continue as a going concern. Moneta has no material commitments or contractual obligations with respect to the development of any mineral properties beyond those that would be considered as part of normal business.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.



### **TRANSACTIONS WITH RELATED PARTIES**

The Company reported a salary of \$3,000 (Q1 2013 – \$12,000) to an officer and director for the three months ended March 31, 2014, for services provided to the Company. An amount of \$6,000 was payable at the end of the period. The Company paid salary of \$50,000 (Q1 2013 – \$95,000) to an officer and director for the three months ended March 31, 2014 for services provided to the Company under an ongoing employment agreement. The Company paid salary of \$37,500 (Q1 2013 – \$NIL) charged to exploration and evaluation expenditures for an officer for the three months ended March 31, 2014 for services provided to the Company under an ongoing employment agreement. Directors' fees of \$9,050 (Q1 2013 – \$8,500) were expensed during the three months ended March 31, 2014, with \$17,050 payable at the end of the period. On March 6, 2014, the Company issued to directors 170,000 stock options at an exercise price of \$0.19 and subject to a three year term and 300,000 stock options at an exercise price of \$0.12 and subject to a three year term.

All related party transactions were completed in the normal course of business at the exchange amounts. There were no loans to Directors or Officers during the period (Q1 2013: \$NIL).

### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures ("DC&P") and for designing internal controls over financial reporting ("ICFR"). The objective is to ensure that all transactions are properly authorized, identified and entered into the accounting system on a timely basis to minimize: risk of inaccuracy; failure to fairly reflect transactions; failure to fairly record transactions necessary to present financial statements in accordance with IFRS; unauthorized receipts and expenditures; and the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The Company's system of internal controls provides for separation of the duties of receiving, approving, coding and handling invoices and of entering transactions into the accounts, and includes a requirement of two signatures for all payments made by cheque or wire funds.

The CEO and CFO evaluated the effectiveness of the Company's DC&P and ICFR as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings issued by the Canadian Securities Administrators. As at March 31, 2014, the CEO and the CFO evaluated the design and operation of the Company's DC&P as well as the design and operating effectiveness of the Company's ICFR. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P and ICFR were effective as at March 31, 2014. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

### **CRITICAL ACCOUNTING ESTIMATES**

Moneta's significant accounting policies are summarized in note 2 to the interim consolidated financial statements for the three months ended March 31, 2014. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value of exploration and evaluation assets, the valuation of share-based compensation transactions, the valuation of purchase warrants issued on financings, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

### **Provisions**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. If the Company is virtually certain that some or all of a provision will be reimbursed, for example under an insurance contract, such reimbursement is recognized as a separate asset. Provisions may be discounted using a current pre-tax rate that reflects the risks specific to the liability. The expense relating to any provision is presented in the consolidated statement of loss (earnings) and comprehensive loss (earnings) and deficit.

### **Exploration and evaluation expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale of the project, or where exploration activities are not adequately advanced to support a gold resource assessment. The determination is an estimation process that requires varying degrees of uncertainty and these estimates directly impact the deferral of exploration and evaluation expenditures.

### **Decommissioning and restoration provision**

The Company records the fair value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation, and re-vegetation of affected areas.

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the period in which it is incurred and when a reasonable estimate of fair value can be made. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life, and records the accretion of the liability as a charge to the consolidated statement of loss (earnings) and comprehensive loss (earnings) and deficit. As the Company has not commenced construction and development of any mining operations it does not have any provisions for decommissioning or restoration costs.

### **Share based compensation transactions**

#### **Stock options**

The fair value of stock options granted to directors, officers, and employees is measured at grant date using the Black-Scholes valuation model using assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, expected forfeitures and expected life of the options. The fair value of this share-based payment is recognized as a charge to the consolidated statement of loss (earnings) and comprehensive loss (earnings) and deficit with a corresponding credit to shareholders' equity on the consolidated statements of financial position.

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method and is measured using Black Scholes and assumptions at the time of vesting. The applicable fair value of any stock options which are exercised are transferred from contributed surplus to capital stock. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.



#### ***Share-based payments to non-employees***

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the Company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the underlying equity instrument, measured at the date the Company obtains the goods or the counterparty renders the service. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

#### **Purchase warrants and broker compensation options**

Purchase warrants are classified as equity and measured at fair value on the date of issue using the Black-Scholes option pricing model. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model. The fair value of the purchase warrants and broker compensation options are not subsequently revalued.

#### **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

### **CHANGES IN ACCOUNTING POLICIES**

The Consolidated Financial Statements for the three months ended March 31, 2014 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board. The Company is currently evaluating the impact on its consolidated financial statements of recent accounting pronouncements, as follows:

#### **IFRS 9 Financial Instruments**

IFRS 9, Financial Instruments was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial risk management goals are to ensure that the outcome of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate risk/reward balance and protecting the Company's consolidated balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through identifying risk appropriately, aligning risk with overall exploration and development strategy, diversifying risk, mitigation through preventive controls, and transferring risk to third parties.

#### **Fair value**

The carrying values for primary financial instruments, including cash and equivalents, sales taxes recoverable, Interest receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions.





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There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the period. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged. The Company's exploration and development activities expose it to the following financial risks:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's exposure to credit risk is concentrated in three specific areas: the credit risk on operating balances including sales taxes recoverable, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at March 31, 2014 was \$1,854,377 (December 31, 2013 - \$3,614,167), and was comprised of \$304,919 (December 31, 2013 - \$222,960) in harmonized sales taxes recoverable, \$31,131 (December 31, 2013 - \$30,151) in short term interest receivable, and \$1,518,327 (December 31, 2013 - \$3,361,056) in cash and equivalents held with Canadian financial institutions with an "AA" credit rating.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign currency exchange rates, commodity prices, interest rates and liquidity. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

*Commodity price risk*

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. This risk is not applicable as the Company is not currently in commercial gold production. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all



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financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

**Sensitivity Analysis**

The Company believes that the movements in investments held for trading that are reasonably possible over the next twelve-month period will not have a significant impact on the Company. The Company believes that its cash position and short term investments provide adequate liquidity to meet all of the Company's near-term obligations.

All financial instruments measured at fair value are categorized into one of three hierarchy levels based on the transparency of the inputs used to measure the fair values of assets and liabilities, as follows:

- Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly;
- Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

The Corporation's cash and equivalents and investments are considered Level 1 in the hierarchy.

**CONTINGENT LIABILITIES**

*Order to file closure plan on Moneta Mine*

Pursuant to an Order received from the Mining and Lands Commissioner related to the Company's historic Moneta Mine, located on the Company's Kayorum project, the Company undertook necessary steps and submitted a mine closure plan in 2011. The Company's geotechnical consultant prepared the mine closure plan to identify and evaluate the former mine hazards and provided direction on geotechnical drilling completed by the Company during 2011. Although beyond the scope of work required by the Order, the Company elected to complete progressive rehabilitation of certain mine hazards, where feasible.

The Ministry of Northern Development and Mines ("MNDM") has provided comments on the closure plan filed in November 2011, an amended closure plan filed by the Company in 2012, and a written proposal by the Company to resolve the minor outstanding issues. The Company met with a new MNDM compliance team in July and October 2013 and certain issues were favorably resolved. The MNDM agreed to come back to the Company on how to resolve the remaining minor issues. No provision has been made in the consolidated financial statements given ongoing discussions with the MNDM to close this matter.

*Civil lawsuits*

Two parties which owned the surface rights and occupied buildings on the site of the former Moneta Mine, filed suit in 2005 against the Company, directors of the Company at that time, and other third parties claiming damages related to the mine subsidence. One of these parties also brought a claim for compensation under the Ontario Mining Act which was dismissed by the Mining Commissioner in March 2008. The Company believes the claims have no merit and intends to defend such claims vigorously. Accordingly, no provision has been made in these financial statements for these claims.

**OUTSTANDING SHARE DATA**

As at March 31, 2014, the Company has a total of 193,642,382 (December 31, 2013 – 193,472,382) common shares outstanding and 6,520,000 (December 31, 2013 – 6,734,083) stock options outstanding with an average exercise price of \$0.23 (December 31, 2013 - \$0.24) per share. Additional details are available in note 4 to the Consolidated Financial Statements for the three months ended March 31, 2014.