MONETA PORCUPINE MINES INC.

Consolidated Financial Statements

For the year ended December 31, 2009

SIEVERT & SAWRANTSCHUK LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF MONETA PORCUPINE MINES INC.

We have audited the consolidated balance sheets of Moneta Porcupine Mines Inc. as at December 31, 2009 and 2008, and the consolidated statements of net loss, comprehensive loss and deficit, and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Sievert & Sawrantschuk LLP CA's

Toronto, Canada
March 30, 2010

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

MONETA PORCUPINE MINES INC.

Consolidated Balance Sheets

As at December 31,	2009 $	2008 $
Current assets		
Cash restricted for flow-through (note 12)	**4,654,189**	289,614
Cash and equivalents	**-**	397,698
Prepaid expenses	**20,854**	-
Other receivables	**58,151**	57,193
Total current assets	**4,733,194**	744,505
Investments held for trading	**71,190**	32,400
Mineral properties and deferred costs (note 3)	**9,127,116**	7,078,564
	13,931,500	7,855,469
Current liabilities		
Accounts payable and accrued liabilities	**484,411**	135,248
Total current liabilities	**484,411**	135,248
Shareholders' equity		
Capital stock (note 4)	**28,923,587**	24,425,846
Contributed surplus (note 5)	**2,848,480**	1,100,706
Deficit	**(18,324,978)**	(17,806,331)
Total shareholders' equity	**13,447,089**	7,720,221
	13,931,500	7,855,469

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

Ian C. Peres, Director

Alex Henry, Director

MONETA PORCUPINE MINES INC.

Consolidated Statements of Net Loss, Comprensive Loss and Deficit

For the years ended December 31,	2009 $	2008 $
Expenses		
Stock-based compensation (note 4)	**201,880**	385,576
Consulting fees	**408,707**	240,038
General & administration	**117,361**	76,915
Travel and promotion	**51,395**	167,273
Legal & audit	**34,604**	42,310
Investor relations	**-**	140,400
Mineral property write-downs	**-**	51,185
Realized (gain) on sale of investments held for trading	**(5,670)**	-
Interest income	**(12,985)**	(48,668)
Unrealized loss (gain) on investments held for trading	**(13,110)**	167,400
Management fees and other income	**(40,535)**	(42,905)
Realized gain on disposal of mineral properties	**(182,400)**	(359,967)
	559,247	819,557
Loss before income taxes	**559,247**	819,557
Recovery of future income taxes (note 6)	**(40,600)**	(409,293)
Net Loss and Comprehensive Loss	**518,647**	410,264
Deficit - beginning of year	**17,806,331**	17,396,067
Deficit - end of year	**18,324,978**	17,806,331
Loss per share	**$0.00**	$0.00
Weighted average outstanding shares	**113,407,285**	99,527,280

The accompanying notes are an integral part of these financial statements.

MONETA PORCUPINE MINES INC.

Consolidated Statements of Cash Flows

For the years ended December 31,	2009 $	2008 $
Operating activities		
Net Loss and Comprehensive Loss	**(518,647)**	(410,264)
Add : non-cash items		
Unrealized loss (gain) on investments held for trading	**(13,110)**	167,400
Realized (gain) on sale of investments held for trading	**(5,670)**	-
Writedowns - mineral property and deferred costs	**-**	51,185
Stock-based and other compensation	**201,880**	385,576
Recovery of future income taxes	**(40,600)**	(409,293)
Net change in non-cash working capital balances	**327,351**	4,395
Cash provided from (used in) operating activities	**(48,796)**	(211,001)
Investing activities		
Investments held for trading	**(20,010)**	(199,800)
Mineral property option payments received	**182,400**	198,940
Mineral properties and deferred costs	**(2,230,952)**	(1,558,686)
Cash provided from (used in) investing activities	**(2,068,562)**	(1,559,546)
Financing activities		
Issuance of common shares, net of issue costs	**6,084,235**	122,790
Cash provided from (used in) financing activities	**6,084,235**	122,790
Net increase (decrease) in cash and equivalents	**3,966,877**	(1,647,757)
Cash and equivalents, beginning of year	**687,312**	2,335,069
Cash and equivalents, end of year	**4,654,189**	687,312
Cash and equivalents		
Cash restricted for flow-through (note 12)	**4,654,189**	289,614
Cash and equivalents	**-**	397,698
	4,654,189	687,312
Interest paid during the year	**39**	56
Income taxes paid during the year	**-**	-
Common shares issued to acquire mineral properties	**-**	-

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Moneta Porcupine Mines Inc. ("Moneta" or the "Company") is a mineral resource exploration and development company. The Company has no properties in current production and no production revenues at the present time. Fees are earned from the rental of its core shack facility, core storage, and from management fees as the operator of joint venture exploration programs. In addition, royalty income is generated by an Idaho perlite operation.

These consolidated financial statements have been prepared on the basis that the Company is a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the exploration and development of its properties and/or the realization of proceeds from the sale of one or more of its properties. These consolidated financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Wounded Bull Resources Inc. ("Wounded Bull") and 508825 Ontario Ltd.

Financial instruments

The Company is required to classify all financial instruments as held-for-trading, available-for-sale, held-to-maturity, or loans and receivables or other financial liabilities. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the consolidated statements of net loss, comprehensive loss and deficit. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Items held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has designated its cash and equivalents as held-for-trading, which are measured at fair value. Other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. Investments held for trading are recorded at fair value with the difference between fair value and cost being recorded as unrealized appreciation or depreciation in value of investments. In the case of securities listed on stock exchanges, the fair value means the latest bid price. Investments available for sale are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. Investments for which reliable quotations are not readily available are valued at their fair value using a valuation model and market inputs. The Company has not classified any financial assets as available-for-sale or held-to-maturity.

2. Significant accounting policies (continued)

Cash and equivalents

Cash and equivalents include money market instruments and short-term investments with maturities of 90 days or less held with a Canadian financial institution with a "AA" credit rating.

Mineral properties and deferred costs

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and leasehold costs and exploration costs are deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment. Proceeds from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the consolidated statements of net loss, comprehensive loss and deficit for the period.

The amount at which mineral properties and deferred exploration and development expenditures are recorded do not necessarily reflect present or future values of the resource properties. The recoverability of amounts recorded as mineral properties and deferred exploration and development expenditures is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interests in the underlying properties, the ability of the Company to obtain the financing necessary to complete the development, and future profitable production or proceeds from the disposition thereof.

If a project is successful, the related mineral property and deferred exploration costs are amortized on a unit-of-production basis, based on estimated economic reserves, over the estimated economic life of the project. If a project is unsuccessful, or if exploration ceases because continuation is not economically feasible, the mineral properties and the related deferred exploration and development costs are written off to the consolidated statements of net loss, comprehensive loss and deficit for the period.

Revenue recognition

Revenues associated with the sales of gold are recognized when title passes from the Company to its customer and when collection is reasonably assured. Revenues associated with other income are realized when all significant acts have been completed and when collection is reasonably assured.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary Wounded Bull is the US dollar and the temporal method of foreign currency translation is applied as Wounded Bull is considered to be an integrated foreign operation. Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in operations.

Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of mineral properties that result from acquisition. The Company records the estimated fair value of a liability, and corresponding increase in the related property, for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation 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 asset's retirement cost to expense using a systematic and rational method over the asset's useful life, and records the accretion of the liability as a charge to the consolidated statements of net loss, comprehensive loss and deficit.

2. Significant accounting policies (continued)

Stock-based compensation

The Company has adopted CICA Handbook Section 3870: Stock-Based Compensation and Other Stock-Based Payments, which requires that a fair value based method of accounting be applied to all stock-based payments. The fair value of incentive stock options granted to directors, officers, consultants, employees, and service providers and purchase warrants issued to shareholders on private placements are calculated using the Black-Scholes valuation model. The fair value of stock-based compensation is recorded as a charge to the consolidated statements of net loss, comprehensive loss and deficit with a corresponding credit to contributed surplus. The fair value for each instrument is estimated using the following weighted average assumptions:

Risk free rate	0.5% - 1.0%
Expected life	Determined by the terms and conditions of each instrument
Expected volatility	Determined by the closing sale price for the Company for a historical time interval equal to the expected life of the instrument
Expected dividend yield	0%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Income taxes

Income taxes are accounted for using the future income tax method. Under this method, income taxes are recognized for the estimated income taxes payable for the current year. Future income taxes are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of those accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of the assets and liabilities and measured using the substantively enacted income tax rates expected to apply when such differences are expected to reverse. Future income taxes are also related to the recognition of flow-though share tax deductions. Flow-through share tax deductions are recognized in the year in which they are renounced.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. In periods when the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact.

Environmental expenditures

The operations of the Company may, in the future, be occasionally affected by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

2. Significant accounting policies (continued)

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Shares issued through flow-through financing are recorded at their selling price. Under the terms of the flow-through share agreements, the tax benefits of the exploration expenses are renounced in favor of the investors. Flow-through share tax deductions are recognized in the year in which they are renounced.

Financial instruments - disclosures

The provisions in CICA Handbook Section 3862, Financial Instruments – Disclosure, increase the disclosures currently required that will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable. The Company has included disclosures recommended by the new handbook section in Note 10 below.

Financial instruments – presentation

The Company classifies for presentation on the balance sheet its financial assets, financial liabilities and equity based upon the substance of the instrument at the date of issuance, and separately classifies the components of any instrument that contains elements of financial liability and equity while appropriately classifying costs or gains associated with issuing financial liabilities within the income statement and distributions to holders of equity instruments in the equity section of the balance sheet.

Hedging

CICA Handbook Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company does not engage in hedging transactions and therefore does not have any financial instruments which are subject to hedge accounting.

Comprehensive income

Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income, and this standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings. Comprehensive income, and its components, are required to be presented in a separate interim financial statement that is displayed with the same prominence as the other financial statements.

The Company had no comprehensive income or loss transactions, other than its net loss which is presented in the Consolidate Statements of Net Loss, Comprehensive Loss and Deficit, nor accumulated other comprehensive income during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

Mining Exploration Costs

In March 2009, the Emerging Issue Committee ("EIC") of the CICA issued abstract EIC 174, Mining Exploration Costs. This abstract considers when exploration costs related to mining properties may be capitalized, and if exploration costs are initially capitalized, when impairment should be assessed to determine whether a write-down is required and what conditions indicate impairment. It applies to financial statements issued subsequent to March 27, 2009. The adoption of this policy is reflected in Note 3 below.

2. Significant accounting policies (continued)

Change in Accounting Policies

Assessing Going Concerns

CICA Handbook Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of this section resulted in additional disclosure in note 1.

Inventories

CICA Handbook Section 3031 (which supercedes Section 3030) prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-downs to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this section did not impact the Company.

3. Mineral properties and deferred costs

The following is a summary of the mineral properties and deferred costs:

For the year ended December 31,	2009 $	2008 $
Acquisition costs		
Balance, beginning of year	**598,963**	813,950
Acquisition costs [1]	**1,018,752**	-
Option payments received	**-**	(198,940)
Properties written off	**-**	(16,047)
Balance, end of year	**1,617,716**	598,963
Deferred exploration and development expenditures		
Balance, beginning of period	**6,479,600**	4,956,052
Exploration expenditures [2]	**1,029,800**	1,558,686
Properties written off	**-**	(35,138)
Balance, end of year	**7,509,400**	6,479,600
Balance, end of year	**9,127,116**	7,078,564

(1) Acquisition costs amounted to $1,018,752 (2008 - $NIL) and were primarily related to the buyout of the Michaud Joint Venture.

(2) Exploration expenditures amounted to $1,029,800 (2008 - $1,558,686) of which $899,761 (2008 - $1,261,742) was eligible for flow-through for year ended December 31, 2009.

4. Capital stock

Authorized share capital

The Company is authorized to issue an unlimited number of Class A Preferred shares, Class B Preferred shares, Common shares, and Non-voting shares. Class A Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Class B Preferred shares, Common shares and Non-voting shares. Class B Preferred shares are entitled to preference as to the payment of dividends and distribution of the remaining property of the Company on dissolution over Common shares and Non-voting shares. The Non-voting shares shall rank equally with Common shares in all respects except that the holders are not entitled to vote at shareholder meetings.

Issued share capital

The issued and outstanding share capital consists of Common Shares as follows:

For the year ended December 31,	2009		2008	
	No. of Shares	$	No. of Shares	$
Balance, beginning of year	101,879,792	24,425,846	98,546,458	24,512,349
Issuance of shares for cash:				
Private placements [(1)]	22,788,235	6,034,000	2,333,334	140,000
Exercise of stock options [(2)]	797,000	105,250	-	-
Exercise of warrants [(3)]	1,225,000	220,500	1,000,000	200,000
Issuances of shares for non-cash consideration:				
Income tax benefits renounced on flow-through shares [(4)]		(40,600)		(409,293)
Valuation of purchase warrants issued during the year [(1)]		(1,545,893)		-
Share issuance costs [(1)]		(275,515)		(17,210)
Balance, end of year	126,690,027	28,923,587	101,879,792	24,425,846

(1) In December 2009, Moneta completed a non-brokered private placement financing ("Placement") and issued 12,000,000 structured flow-through units ("Unit") at $0.45 per share for aggregate gross proceeds of $4,200,000. Moneta attracted hard/non-flow through dollar investors and converted the otherwise hard dollar financing into "structured" flow through in that final participants in the financing do not hold Moneta common shares at a zero cost base. Each Unit was comprised of a one common share and one-half common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share at an exercise price of $0.45 for a term of eighteen months following the closing of the Placement. The estimated fair value of these Warrants is $1,146,187 using the Black Scholes model and was charged as reduction in share capital on the Balance Sheet and credited to contributed surplus in shareholders' equity. The weighted average fair value amounted to $0.19 per Warrant. Share issue costs associated with this financing were $120,000 in cash finders' fees and $52,637 in legal and TSX fees.

In August 2009, Moneta completed a non-brokered private placement financing ("Placement") and issued 10,788,235 structured flow-through units ("Unit") at $0.17 per share for aggregate gross proceeds of $1,834,000. Moneta attracted hard/non-flow through dollar investors and converted the otherwise hard dollar financing into "structured" flow through in that final participants in the financing do not hold Moneta common shares at a zero cost base. Each Unit was comprised of a one common share and one-half common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share at an exercise price of $0.18 for a term of eighteen months following the closing of the Placement. The estimated fair value of these Warrants is $399,706 using the Black Scholes model and was charged as reduction in share capital on the Balance Sheet and credited to contributed surplus in shareholders' equity. The weighted average fair value amounted to $0.07 per Warrant. Share issue costs associated with this financing were $70,860 in cash finders' fees and $29,471 in legal and TSX fees.

In December 2008, the Company completed a non-brokered private placement of 2,333,334 common shares issued on a flow-through basis at a price of $0.06 for gross proceeds of $140,000. There were no share issue costs associated with this financing.

(2) During the year, directors, officers and consultants exercised 797,000 stock options at an average exercise price of $0.13 for total gross proceeds of $105,250.

(3) During the year, the Company issued 1,225,000 common shares on the exercise of purchase warrants at an average exercise price of $0.18 for total gross proceeds of $220,500.

On January 8, 2008, the Company issued 1,000,000 common shares on the exercise of 1,000,000 purchase warrants at an average exercise price of $0.20 for proceeds of $200,000.

(4) In March 2009, the Company renounced $140,000 (2008 - $1,411,356) of expenditures on flow-through common shares issued in 2008, resulting in a $40,600 (2008 – $409,293) reduction in share capital and corresponding decrease to future income tax assets. The Company has not recognized its future income tax assets, and the $40,600 (2008 - $409,293) was recorded as a future income tax recovery on the consolidated statements of net loss, comprehensive loss and deficit.

Stock option plan

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, consultants, employees, and service providers to acquire common shares of the Company. The maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Options granted have a maximum term of five years and vest immediately. The following table summarizes the outstanding stock options:

For the year ended December 31,	2009		2008	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding, beginning of year	$0.12	7,130,321	$0.13	6,865,238
Transactions during the year:				
Granted (1)	0.10	2,345,323	0.15	4,089,406
Options exercised (2)	0.13	(797,000)	-	-
Expired (3)	0.12	(1,412,000)	0.15	(3,824,323)
Outstanding, end of year	$0.12	7,266,644	$0.12	7,130,321
Exercisable, end of year	$0.12	7,266,644	$0.12	7,130,321

(1) During the year, the Company granted 2,345,323 stock options to directors, officers, and consultants. The estimated fair value of these options, which are subject to immediate vesting or vesting on a quarterly basis over a three year period, is $201,880 using the Black Scholes model and was charged as stock-based and other compensation to the consolidated statements of net loss, comprehensive loss and deficit and credited to contributed surplus in shareholders' equity. The weighted average grant date fair value amounted to $0.10 per option. The underlying assumptions used in the estimation of fair value in the Black Scholes model are as follows:

Risk free rate	0.5%-1.0%
Expected life	5 years (based on option term)
Expected volatility	85-88% (2008: 73%-76%)
Expected dividend yield	0.00%

(2) During the year, directors, officers and consultants exercised 797,000 stock options at an average exercise price of $0.13 for total gross proceeds of $105,250.

(3) During the year, a total of 1,412,000 stock options, with an average exercise price of $0.12, expired unexercised. The majority of the expired stock options were issued over the years to a longstanding former director of the Company.

4. Capital stock (continued)

Warrants

	Exercise Price	Expiry Date	2009 #
Outstanding, beginning of year			**-**
Issued during the year:			
Warrants issued during the year	$0.18	January 2, 2011	**5,394,117**
Exercised during the year	$0.18	January 2, 2011	**(1,225,000)**
			4,169,117
Warrants issued during the year	$0.45	June 4, 2011	**6,000,000**
Outstanding, end of year			**10,169,117**

5. Contributed surplus

For the year ended December 31,	2009 $	2008 $
Balance, beginning of year	**1,100,706**	715,130
Value assigned to:		
Valuation of purchase warrants on financing [1]	**1,545,894**	-
Stock-based compensation on options granted (note 4)	**201,880**	385,576
Balance, end of year	**2,848,480**	1,100,706

(1) In conjunction with the $6,034,000 non-brokered private placement financings completed in August 2009 and December 2009, Moneta issued 22,788,235 structured flow-through common shares and 11,394,117 common share purchase warrant ("Warrant"). The estimated fair value of these Warrants is $1,545,894 using the Black Scholes model and was charged as stock-based and other compensation to the consolidated statements of net loss, comprehensive loss and deficit and credited to contributed surplus in shareholders' equity. The weighted average fair value amounted to $0.15 per Warrant. The underlying assumptions used in the estimation of fair value in the Black Scholes model are as follows:

Risk free rate	0.50%
Expected life	1.5 years (based on Warrant term)
Expected volatility	108-116% (2008: 73%-76%)
Expected dividend yield	0.00%

6. Income taxes

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rate of 25.0% for the year ended December 31, 2009 (2008 – 33.5%), has been reconciled as follows:

For the years ended December 31,	2009 $	2008 $
Income tax (recovery) provision at statutory rates	**(139,812)**	(274,552)
Increase (decrease) related to:		
Stock-based compensation	**50,470**	129,168
Realized (gain) loss on disposition of mineral property	**(22,800)**	(120,589)
Unrealized (gain) loss on investments held for trading	**(3,246)**	56,079
Realized (gain) loss on investments held for trading	**(1,639)**	-
Other	**(18,581)**	(8,430)
	(135,608)	218,323
Losses not tax benefited	**135,608**	(218,323)
Add: Tax benefits renounced on flow-through shares	**(40,600)**	(409,293)
Recovery of future income taxes	**(40,600)**	(409,293)

The Company's future income tax assets are comprised of the following:

	For the years ended December 31,	
Future tax assets:	2009 $	2008 $
Net operating loss carry forwards	**675,000**	739,000
Resource deductions	**583,000**	676,000
Other	**87,000**	69,000
	1,345,000	1,484,000
Less: Valuation allowance	**(1,345,000)**	(1,484,000)
	-	-

The Company has recorded a valuation allowance as the Company does not consider it more likely than not that the future tax assets will be realized in the foreseeable future. The Company has non-capital losses of $2,701,000 (2008 - $2,453,000) available for deduction against future taxable income, the balances of which will expire as follows:

Year	2009 $	2008 $
2009	**-**	294,000
2010	**317,000**	317,000
2014	**325,000**	325,000
2015	**241,000**	241,000
2026	**307,000**	307,000
2027	**317,000**	317,000
2028	**652,000**	652,000
2029	**542,000**	-
	2,701,000	2,453,000

The potential tax benefit of the above losses has not been recognized in these consolidated financial statements. The Company has approximately $3,050 (2008 – $3,050) in capital losses available to apply against future capital gains.

In March 2009, the Company renounced $140,000 (2008 - $1,411,356) of expenditures on 2,333,334 flow-through common shares issued in 2008, resulting in a fiscal 2009 reduction of $40,600 (2008 - $409,293) in share capital and corresponding decrease to future income assets. The flow-through funds are to be spent on qualifying exploration expenditures during fiscal 2009. The Company has not recognized its future income tax assets, and the $40,600 (2008 - $409,293) was recorded as a future income tax recovery on the consolidated statements of net loss, comprehensive loss and deficit.

7. Related party transactions

The Company recorded fees of $416,703 (December 31, 2008 - $289,739) to related individuals and companies controlled by directors, officers and consultants for the year ended December 31, 2009. The fees were for management and consulting services provided to the Company under ongoing contracts. All related party expenditures were in the normal course of business at the exchange amounts.

Stock options with an aggregate Black Scholes valuation of $201,880 (2008 - $385,576) were issued to directors, officers or consultants during the year ended December 31, 2009.

8. Contingent liabilities

The Ontario Ministry of Mines filed an order in 2001 requiring the Company to file a Closure Plan for the Moneta Mine which closed in 1943. The Company filed an appeal of the order on the basis that no Closure Plan was required. The appeal was heard in November 2007 and January 2008, however no decision has been rendered as of the current period. In April 2004, the site of an opening to the underground workings of the Moneta Mine subsided. Moneta rehabilitated the property following the occurrence by filling in the subsidence and restoring the surface. The financial statements include a provision of $70,000 (2008 – $70,000) which the Company estimates may be required for certain additional costs such as consulting, fencing and a geotechnical study, if a Closure Plan order is received.

In addition, certain parties, which owned the surface rights and occupied buildings on the site of the former Moneta Mine, filed suit in 2005 against the Company, its directors and other third parties claiming damages related to the subsidence. One of these parties 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.

9. Capital Management

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 year ended December 31, 2009.

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.

10. Financial instruments and risk management

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, Other receivables, 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 a Canadian financial institution.

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the year. The objectives and strategy for the mineral property portfolio exploration and development activities 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 two specific areas: the credit risk on operating balances including Other receivables primarily comprised of GST recoverable, and Cash and equivalents held with a Canadian financial institution. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at December 31, 2009 was $4,712,340 (December 31, 2008 - $744,505), and was comprised of $58,151 (December 31, 2008 - $57,193) in Other receivables primarily comprised of GST recoverable, and $4,654,189 (December 31, 2008 - $289,614) in Cash held with a Canadian financial institution with a "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 interest rates, foreign currency exchange 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.

10. Financial instruments and risk management (continued)

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 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.

11. Recent accounting pronouncements

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB plan outlines the convergence of GAAP with International Financial Reporting Standards ("IFRS") over an extended five-year transitional period. In February, 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company's management will continue to monitor these developments.

12. Cash restricted for flow-through

At December 31, 2009, the Company had temporarily borrowed $769,664 from cash restricted for flow through to fund the hard/ non-flow through dollar acquisition of the remaining 50% joint venture interest in the former Michaud Joint Venture which closed December 8, 2009. The Company expects to raise a sufficient amount of hard/non-flow through dollars during 2010 to fully reimburse the cash restricted for flow through (bringing the 2010 cash restricted for flow through to $5,423,853) and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

13. Subsequent events

In March 2010, the Company renounced $6,034,000 of expenditures on 22,788,235 structured flow-through common shares issued in August and December 2009, resulting in a fiscal 2010 reduction of $1,508,500 in share capital and corresponding decrease to future income assets. The flow-through funds are to be spent on qualifying exploration expenditures during fiscal 2010. The Company has not recognized its future income tax assets, and the $1,508,500 will be recorded as a future income tax recovery on the fiscal 2010 consolidated statement of comprehensive loss and deficit.

14. Comparatives

Certain of the comparative figures have been reclassified to conform with the presentation adopted for the current period.

MONETA PORCUPINE MINES INC.

Management Discussion and Analysis

For the year ended December 31, 2009

This Management Discussion and Analysis ("MD&A") analyzes the significant changes in the Annual Consolidated Statements of Net Loss, Comprehensive Loss and Deficit, Consolidated Balance Sheets and Consolidated Statements of Cash Flows for Moneta Porcupine Mines Inc. ("Moneta" or the "Company"). It should be read in conjunction with the Annual Consolidated Financial Statements and notes thereto for the years ended December 31, 2009 and 2008. The MD&A is prepared with an effective date of March 31, 2010.

Additional information related to the Company is available in Moneta's Annual Information Form ("AIF"). The AIF and other continuous disclosure documents, including the Company's press releases and quarterly and annual reports are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and are also available on the Company's website www.monetaporcupine.com.

The MD&A is presented in the following sections:

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.

HISTORICAL RESOURCE ESTIMATES

Moneta's projects include properties with historical resource estimates which are not compliant with National Instrument 43-101 ("NI 43-101"). These estimates are sourced from various government and company archives which provide information on the geology and extent of the mineralization. It should be noted that a "qualified person" has not done sufficient work to classify the historical resource estimate as a current mineral resource or mineral reserve. Moneta is not treating the historical resource estimates as current mineral resources or mineral reserves as defined by NI 43-101 and historical resource estimates should not be relied upon.

OUTLOOK

Moneta engaged SRK Consulting ("SRK") in December 2009 to conduct a review of the structural geology for the Southwest, 55, and Windjammer South zones of the Golden Highway Project. The initial objectives are to enhance Moneta's understanding of the high grade zones, provide guidance on the identification and prioritization of 2010 exploration targets, and to advance the historical resource on the Southwest Zone to NI 43-101 compliance.

New 3D modeling of the central block of the Southwest Zone (previously drilled by Barrick Gold) has identified a newly interpreted westerly plunge of high grade mineralization (using a 10 g/t cutoff) along the iron formation hanging wall contact. A detailed review of structural and mineralization parameters of significant historic drill holes from all three zones (December 2009) was supplemented by selective borehole optical televiewing (January 2010). This process has identified and prioritized quality high grade exploration targets which include discrete vein systems and potential areas of sulphidized iron formation.

Moneta has built up a team with the technical capability to advance its highly prospective property package in preparation for the most significant drill program in Moneta's 99 year history. Moneta is now able to access the resources and expertise of SRK but has also recently hired additional geologists with significant experience in the Abitibi Greenstone Belt (in Ontario). Also the technical expertise and oversight of the Board of Directors was enhanced with Dr. K. Sethu Raman (Director, Lakeshore Gold) and Warren Bates (SVP Exploration, Pelangio Exploration) joining the Board of Directors. Moneta's core storage and logging facility has also been expanded and upgraded in preparation for the 2010 drill program.

Moneta has contracted three drills for the 2010 exploration program and all three are now operational. The initial phase, the winter 2010 drill program, is primarily focused on newly defined high grade targets in the Southwest and 55 zones. The objectives include evaluation of the 55 Zone mineralization with new and varied drill hole orientations, firming up an interpreted westerly plunge of the higher grade (10 g/t +) Southwest Zone mineralization, and completion of drill hole wedges to test the significance of the mineralization intersected at depth in historical Hole 162 of the Southwest Zone that included high grade mineralization (17.59 g/t and 11.49 g/t both over 0.5m) associated with the iron formation contact area.

We have committed $5.5M to the 2010 exploration budget and assembled a strong technical team with delivery capability. We can now address one of the best 100% owned land package between Timmins and the Quebec border with known high grade targets. An aggressive and well managed 30,000m drill program should advance our key projects, increase our gold resources and generate substantial shareholder value in 2010.

CORPORATE OVERVIEW

Moneta Porcupine Mines Inc. ("Moneta" or the "Company") is a Canadian mineral resource exploration and development company incorporated pursuant to the laws of the Province of Ontario on October 14, 1910. The Company has no properties in current production and no production revenues at the present time. Fees are earned from the rental of its core shack facility, core storage, and from management fees as the operator of joint venture exploration programs. In addition, royalty income is derived from an Idaho perlite operation. The Company is operated by an experienced geological and management team which maintains a low-cost, efficient Timmins-based exploration operation with its own field office, equipment, and drill core logging and storage facility (core shack).

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, and the Berlin Stock Exchange the Xetra and Frankfurt Stock Exchange under the symbol MOP.

The Company holds an extensive, high-quality exploration portfolio with five primary gold projects in the prolific Golden Highway Project and Porcupine Camp near Timmins, Ontario. Exploration, including drilling operations, are possible throughout the year although some areas are better accessed during the winter. These camps have collectively produced over 72 million ounces of gold primarily from some 26 mines, each of which generated more than 100,000 ounces.

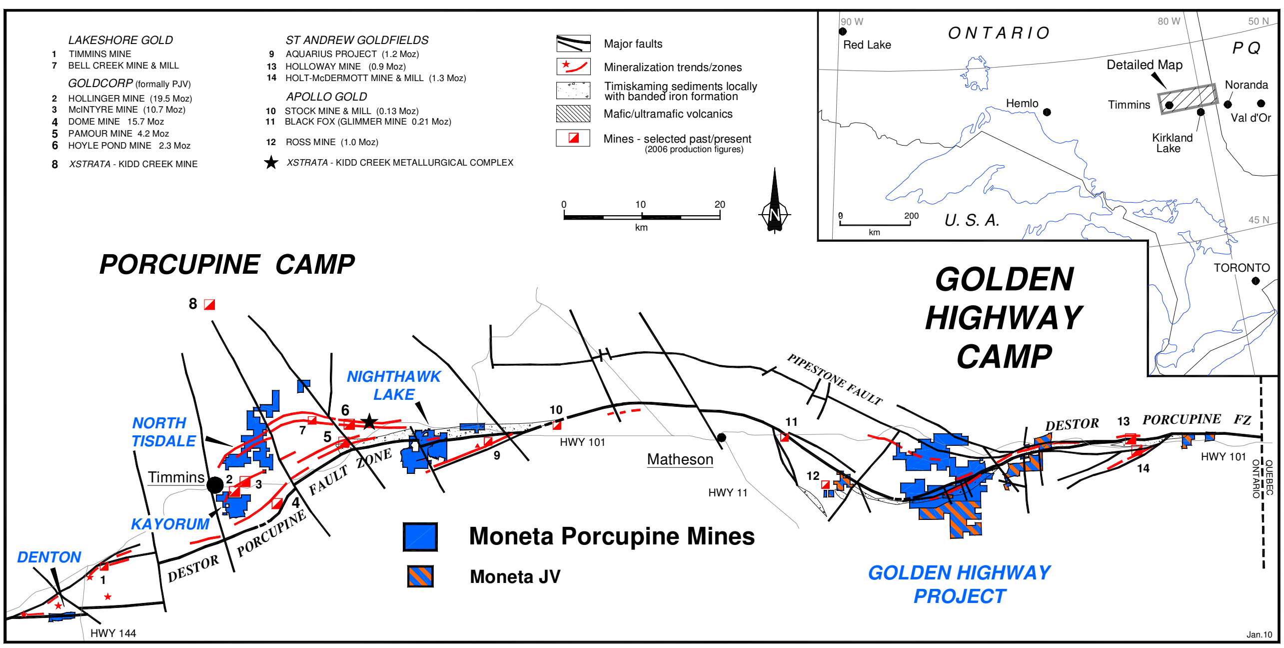

Figure I: Moneta's Key Exploration Properties

Moneta's properties straddle or are closely associated with the Destor Porcupine Fault/Deformation Zone ("Destor"), a key structural feature of one of the most prolific gold-producing areas in the world. Most historic production in the region is associated with the Destor, including significant producing mines now operated by Porcupine Gold Mines (Goldcorp) and several others in production, including Lake Shore Gold, Apollo Gold, and St Andrew Goldfields.

Moneta's primary gold exploration focus is the *Golden Highway Project* which is centered in Michaud Township, 100 km east of Timmins, Ontario along Highway 101, a major all-season route. The *Golden Highway Project* hosts numerous gold-bearing zones and intersections along a 12km mineralized corridor and is a largely contiguous land package consisting of 669 claim units or approximately 10,600 hectares.

In Q4 2009, Moneta acquired the remaining 50% ownership interest in the Michaud Joint Venture ground ("Michaud JV") for $1 million, and has terminated the Michaud JV with no underlying encumbrances. The Michaud JV covered 68 claim units located in the southern portion of Michaud Township which extends west from the hanging wall of Windjammer South, south of the Southwest Zone, and contains the 55 Zone, Dyment 3, and Western Zone gold zones.

In Q4 2009, Moneta finalized an agreement ("Agreement") to transfer certain claims from St Andrew Goldfields ("St Andrew"). The Agreement granted Moneta a 100% interest in 29 claim units in Cody Township, a 100% interest in 3 claim units in Guibord Township, and a $50,000 cash payment from St Andrew. In return, and, in order to address St Andrew expenditure commitments, the Agreement granted St Andrew a 75% vested interest in the Guibord Property and 50% vested interest in and operatorship of the Barnet Joint Venture.

The *Golden Highway Project* includes certain non-core joint ventures or options. All claims are 100%-owned by Moneta except for the properties subject to option agreements, all of which have vested. These are various participating interests with St Andrew including, the 50/50 *Garrison* and Barnet joint ventures, the *Dyment 3* joint venture (Moneta 75% / St Andrew 25%), and the *Guibord* joint venture (Moneta 25% / St Andrew 75%).

Moneta's primary focus within the *Golden Highway Project* is the area directly associated with the Destor as it crosses Michaud and Garrison Townships as illustrated on the map below. Evident are two distinctive settings or parallel corridors – a northern corridor hosted by volcanics, and a southern corridor defined by Timiskaming sediments and iron formation. These contain most of the gold zones discovered to date on the property.

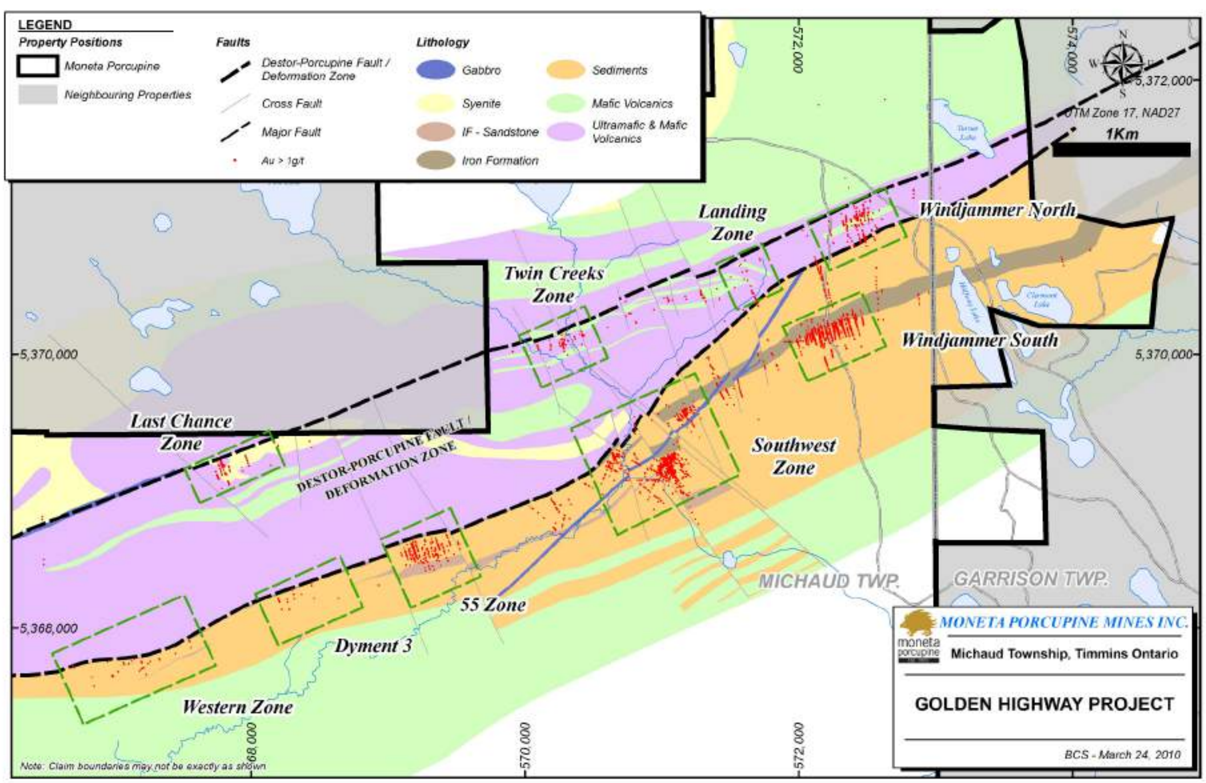

Figure II - Golden Highway Project: Exploration Area Geology and Gold Intercepts / Zone Locations

The area is largely covered with overburden, mostly sands associated with the Munro Esker complex with rare outcrop located in the centre of the Michaud Parcel to the southeast marking the southern limit of the Pike River valley. The south to south-western area is primarily muskeg and generally poorly drained by the Pike River and its tributaries. Vegetation consists of low stands of black spruce, alder, birch, and pine.

The Company's exploration activities are seasonal in nature, being dictated in part by weather and ground conditions on its various properties which may limit access at certain times of the year.

Geological Setting

The *Golden Highway Project* is located in the western Archean Abitibi Greenstone Belt centered on the Destor. This regional deformation zone is a key geological feature hosting numerous and geologically varied gold deposits in this part of the Abitibi Greenstone Belt.

Several gold mineralization settings have been discovered in the *Golden Highway Project*:

1) Mineralization hosted by altered ultramafic and mafic volcanic rocks occurs along the Destor and associated splays. This includes the *Perry Lake* Property, *North Zone* (collectively the *Twin Creeks, Miller* and *Landing Zones*), and *Windjammer North*. Typically, the zones in volcanics exhibit quartz carbonate veining in high strain zones usually silicified and carbonatized (ankerite) with subordinate hematite, sericite, and albite.

2) Mineralization associated with sediments and/or BIF in the *Southern Corridor* is principally in the *Windjammer South and Southwest Zone* (*South, Southwest, 04, and 04 Extension Zones*). Also included are the *Independence, 55, Dyment3 and Western Zones*. Variably intense silicification and sericitization with hematitzation is common within mineralized zones that are also characterized by veins, brecciation and fractures filled quartz-pyrite stringers and stockworks.

3) Mineralization hosted in a porphyritic syenite intrusive in contact with unaltered ultramafic and mafic rocks on the south side of the Destor on the Nufort Leases (*Last Chance Zone*). The syenite has a bleached and albitized core enveloped by a hematized zone. Gold mineralization is hosted in zones of narrow quartz carbonate stringers.

2009 EXPLORATION ACTIVITY

GOLDEN HIGHWAY CAMP PROPERTIES

The Golden Highway Camp, located approximately 100km east of the Porcupine Camp, is becoming increasingly active and the area's gold potential continues to be confirmed with the commencement of production at both Apollo Gold's Black Fox open pit mine and St Andrew Goldfield's Holloway-Holt complex. St Andrew has also recently announced plans to commence mining operations at its Hislop pit. Moneta's Golden Highway Camp properties ("Golden Highway Project") are adjacent to these two gold producers.

Please refer to the PORCUPINE CAMP (TIMMINS AREA) section below for a regional update on the also increasingly active Porcupine Camp.

Moneta's 2009 exploration drill program is primarily focused on the eastern portion of the Golden Highway Project located within the greater Destor and containing the bulk of gold mineralization discovered to date. A total of 4,757 metres were completed, with orientated drill core to facilitate structural data capture, and included 9 drill holes and 2 drill hole extensions.

Objectives of the longer term GHP program include testing newly defined IP geophysical targets, prospective areas north of the Windjammer South iron formation ("Windjammer Central"), the 1,000 metre western extension between *Windjammer South* and the *Southwest Zone* and south hanging wall of Windjammer South, and continuity and confirmation of Windjammer North mineralization.

The 2009 program tested Windjammer North mineralization, the Windjammer South hanging wall and north contact of the iron formation and completed a fence across the sediments between Windjammer South iron formation and the volcanics to the north hosting Windjammer North. Recommendations for advancing the *Windjammer* project from George Cargill NI 43-101 report were reviewed as part of the exploration program. All drill holes intersected gold values and the program has significantly expanded areas of potential mineralization requiring follow-up drilling.

Windjammer property

The *Windjammer Property* ("Windjammer") contains two gold zones in distinct geological settings, namely *Windjammer South*, hosted in Timiskaming sediments, and *Windjammer North*, in altered mafic to ultramafic volcanics. Both zones are open on strike and to depth with significant untested potential.

The Company submitted an application for a vesting order to the Ontario Mining and Lands Commissioner to increase its interest to 100% in the *Windjammer Property*, from the initial 50% interest acquired from Newmont Canada Limited in November 2007. In February 2009, the vesting order was approved and Moneta's registered interest increased to 100%, with no encumbrances.

During Q2 and Q3 2009, Moneta completed a tuned gradient Induced Polarization ("IP") survey with several detailed sections, on the eastern area of the Golden Highway project in order to better define the exploration potential of the Windjammer property. Of particular interest are those areas between and peripheral to the *Windjammer North* and *Windjammer South* zones, as well as any potential linkage of the *Windjammer South* gold system westerly along strike and to depth to that of the *Southwest Zone*. The bulk of the survey area covered ground north and south along 1,600m of strike of the *Windjammer South* banded iron formation including the zone itself. The IP survey results showed excellent correlation between gold mineralization in previous drilling with significant new geophysical targets defined immediately north of the iron formation, both to the east and west, and to the south primarily in the *Windjammer South* area.

Windjammer South zone

Noranda Inc., from 1985-1989, discovered several gold-bearing zones within a mineralized system extending for 400 metres along strike and to a depth of 350 metres with a southerly subvertical dip along the southern iron formation contact.

Windjammer South appears to closely resemble the style of mineralization in the nearby *Southwest Zone* and the *55 Zone,* where gold mineralization is typically hosted by fine quartz veining found within variably altered (hematite, silica, ankerite and sericite) Timiskaming sediments. These sediments form the hanging wall to a sequence of banded oxide facies iron formation generally interpreted as the sub-vertical northern boundary of the mineralization. Gold grades tend to significantly increase towards the iron formation with marked increase when sulphidization of the iron formation is encountered.

On March 11, 2009, Moneta released an updated NI 43-101 resource estimate on *Windjammer South* of 305,379 **indicated** and 211,951 **inferred** ounces of gold, completed by George Cargill, as follows:

Cut-Off Grade (g/t Au)	Category	Tonnes	Grade (g/t Au)	Oz Au
	Indicated	7,786,000	1.22	**305,379**
0.7	Inferred	5,834,000	1.13	**211,951**

Resource parameters and interpretive details are found in the updated Cargill NI 43-101 technical report filed on SEDAR on April 27th, 2009.

In 2009, a total of five drill holes including two extensions were completed (1,618m) testing the hanging wall potential and specific IP anomalies as well as a magnetic low and roll in the iron formation in the western portion of *Windjammer South*.

In the Windjammer South hanging wall, overall patchy alteration was observed with stringer development. Scattered throughout the drilled intervals are several higher grade intersections such as 7.82 g/t over 0.60 metres, 6.42 g/t over 1.00 metres, and a zone grading 1.04 g/t over 8.80 metres, all establishing additional resource potential.

Drilling westerly through the magnetic low intersected high angle vein system/structures of significant width and several alteration zones. Vein zone results are 1.54 g/t Au over 5.79m, 1.47 g/t Au over 5.81m including an individual vein with 5.28 g/t Au over 0.68m, and 0.74 g/t over 10.94m. A stringer zone with elevated pyrite returned 8.27 g/t over 0.57m within the iron formation. Mineralized alteration zones were intersected both near the south contact to the iron formation with 0.95 g/t over 5.11m and 2.45 g/t over 4.00m, and near the north contact to the iron formation with 2.97 g/t over 2.66m. Additional potential has been established for Windjammer South westerly along the iron formation as well as in the sediments to the north.

Windjammer Central

Windjammer Central is now used to describe new mineralization discovered in the sediments found between Windjammer North and the iron formation of Windjammer South. In this area the drilling (1,747 metres) completed a three hole fence north of the Windjammer South iron formation intersecting several alteration zones and quartz veins. Results range from 2.35 g/t Au over 6.10m with a high grade core of 13.40 g/t Au over 0.55m, 1.76 g/t Au over 8.80 metres, to 0.79 g/t over 21.26m. Additional and individual higher grade intervals may be associated with broader gold zones and include 5.53 g/t and 4.47 g/t both over 0.65m, 6.12 g/t over 0.33m, 4.56 g/t over 0.48m , and 4.99 g/t over 0.70m. The discovery of gold mineralization in this area confirms the continued potential of the sediments to host significant gold mineralization and, in this case, the potential of untested areas east and west between the iron-formation and volcanics to the north, as well as the scale of the gold mineralizing system in the project area.

Windjammer North zone

Windjammer North is located one kilometre north of *Windjammer South* in volcanics that define the northern boundary of the Destor and is on strike with Moneta's *North Zone* (*Last Chance, Twin Creek, Miller and Landing Zones).* In total, this area represents an under-explored strike length of 4.5 kilometres.

Windjammer North was also discovered by Noranda Inc. which completed 21 drill holes over 400 metres of strike with intersections including 6.37 g/t over 5.9 metres. Mineralization is hosted in altered ultramafic and mafic volcanic rocks and typically consists of quartz carbonate veining in high strain zones with pyrite, ankerite, silica, fuchsite, and sericite alteration.

In Q4 2009, Moneta undertook preliminary modeling and completed a three hole (1,388 m) drill program to assess the historical Noranda work. Extensive alteration with gold mineralization was intersected, all similar to the historical data. Drill holes were drilled grid north to south and continued into the sediments that were found to be strongly altered (ankerite/pyrite) and cut by numerous quartz veins and stringers. Gold mineralization in the sediments included veining that returned 12.31 g/t over 0.55 metres, 8.16 g/t over 0.35 metres, and separately 6.59 g/t Au over 0.80m. A more pervasive mineralized alteration zone grading 0.70 g/t Au over 30.0 metres was also intersected in these sediments.

Southwest Zone

The *Southwest Zone* has a non NI 43-101 compliant historical inferred resource estimate of 624,500 ounces of gold based on 3.25 million tonnes averaging 5.98 g/t with a cut-off grade between 3.00 g/t, which was developed by Barrick Gold Corporation by way of option agreement with Moneta between 1994-1997 (see *Meixner Report*, SEDAR filing on April 21, 2005).

Cut-Off Grade (g/t Au)	Non NI-43-101 Compliant	Tonnes	Grade (g/t Au)	Oz Au
3.00	Historical inferred resource	3,250,000	5.98	**624,500**

The Barrick interpretation outlined several stacked and variably orientated vein zones that focused on the higher grade component of the mineralization. Included in their drill program was the deepest drill hole to date in the zone intersecting a wide gold mineralized alteration zone in contact with iron formation. This alteration zone returned 2.14 g/t gold over 68.0 metres drilled width, including 6.0 g/t over 8.5 metres, all at a depth of ~1,000 metres below surface and illustrating the potential and widespread nature of the gold mineralizing system.

In 2002, 5 short holes were drilled throughout the *Southwest Zone* intersecting several vein and alteration zones confirming historical grades and filling data gaps. Two additional holes were completed immediately to the north of the iron formation establishing the presence of green carbonate altered ultramafic volcanics and gold in altered metasediments. No further drilling has been undertaken.

Moneta has begun selective drilling on the Southwest Zone in Q1 2010 initially focusing on the potential of the mineralization encountered in Barrick drill hole MN96-162 and mineralization throughout the zone developed along the iron formation contact which, when sulphidized, returns significantly elevated high grade gold values. Preliminary modeling suggests overall westerly plunge of the higher grade mineralization requiring additional drilling. Ongoing interpretive work in 2010 is focused on identifying high grade vein systems to be drilled tested in 2010.

55 Zone

In Q4 2009, Moneta acquired the remaining 50% interest in the former Michaud Joint Venture and now holds a 100% interest in the 55 Zone, Western Zone and Dyment 3, free of any encumbrances.

The *55 Zone* is hosted in altered Timiskaming greywackes and sandstones along the ultramafic/Timiskaming sedimentary contact and covers the western portion of the *Southern Corridor* of the Golden Highway Project. It is located one km along strike west-southwest of the *Southwest Zone*.

To the end of Q4 2009, 27 drill holes had been completed in the *55 Zone* (Michaud JV: 15, Acrex: 7, Barrick: 5) with significant gold mineralized intervals. A total of 8 holes and 2449 metres were drilled in Q1 2008. All drill holes intersected gold mineralization, with best results from holes MA-08-43, MA-08-44 and MA-08-49, drilled in the more central portion of the zone. Highlights include the zones intersected in MA08-43 and MA08-49. Notable intersections include MA08-49 that returned 9.68 g/t Au over 27.75 metres with a peak value of 49.03 g/t Au over 1.00 metre, all intersected at variable but generally very low core angles, with the result that a significant portion of the vein intersections carrying the higher grades were drilled down-dip. The overall zone is defined by intense ankerite/pyrite alteration with gold values typically ranging from 2.0 to 5.0 g/t Au. A similar orientated vein carrying visible gold in the same geological setting was intersected in MA08-43 returning 42.09 g/t Au over 2.90 metres with a peak vein value of 187.99 g/t Au over 0.50 metres.

In Q1 2010, a significant drill program was started in the 55 Zone to follow-up on structural interpretive work completed by SRK Consulting and supplemented by downhole optical televiewer data on selective holes. This program is ongoing and is targeting the vein orientation believed to represent the highest grade component of the gold mineralization. To date in 2010, and additional 28 drill holes (7,500m) have been completed over a strike length of approximately one kilometre concentrated on the upper 200 metres.

Significant high grade intercepts from the current program drilled at approximate true width, include 4.15 g/t over 5.5m, 14.76 g/t over 0.91m, 10.58 g/t over 0.65m, 21.39 g/t over 1.45m, 25.63 g/t over 0.45m, 18.79 g/t over 0.27m, and 14.9 g/t over 2.64m. Additional results are pending.

Q1 2010 and past drilling has identified a key structure striking west southwest or sub-parallel to stratigraphy along a minimum 250 metre corridor, within the 55 Zone, that remains open to depth with additional strike potential. The structure is a fault system which hosts a series of high grade en echelon (stacked) moderately north-dipping quartz veins often within brecciated wall rocks carrying elevated levels of pyrite. The intersected high grade quartz vein zones range in drilled widths up to 3 metres, which closely approximates true width. Similar structural features have been observed in other drill holes along strike and assay results are pending.

GOLDEN HIGHWAY CAMP: OTHER PROPERTIES

Dyment 3

Dyment 3 consists of a vested 75% interest in three claim units west-southwest of the *55 Zone* in Michaud Township originally under option from St Andrew. No recent work has been undertaken on the zone.

Western Zone

The *Western Zone* was discovered during the 2003-2004 winter drilling program and 14 drill holes were completed for a total of 4,147 metres again illustrating the gold potential of the Timiskaming sedimentary belt as it crosses Michaud Township. No additional work has been completed.

Garrison property (St Andrew Joint Venture)

Moneta entered into an agreement in 2002 with St Andrew on its properties in Garrison Township. St Andrew has vested for a 50% interest in the properties by incurring $350,000 in exploration expenditures and paying $50,000 in cash over a five-year period. St Andrew remains as operator of the joint venture and no additional work has been completed.

Guibord property

Moneta's Guibord land position, near the former Ross Mine, was the subject of an option swap (*Dyment 3*) in 2004 with St Andrew. Required expenditure commitments by St Andrew to earn a 75% interest in the property were reduced to $125,000 in exchange for a $50,000 cash payment to Moneta, granting a 100% interest to Moneta in 29 claim units integral to Moneta's Nighthawk Lake project in Cody Township, and granting Moneta 3 staked claim units in Guibord Township contiguous with Moneta's core Golden Highway Project (press release Oct. 22, 2009),

St Andrew satisfied the revised $125,000 expenditure commitment in Q4 2009 by completing 1,719 metres of drilling in 6 holes targeting structural and geophysical features including the Destor Porcupine Fault /Deformation Zone ("Destor") crossing the north-easterly portion of the property. Best results were in hole MHG09-01 returning 3.18 g/t gold over 7.5 metres including 10.18 g/t gold over 1.5 metres from the hanging wall of the Destor. Follow-up work has been recommended.

Barnet property (St Andrew Joint Venture)

Moneta entered into an agreement in 2002 with St Andrew related to certain properties in the Michaud and Barnet Townships. St Andrew is now vested at 50% interest as part of the Guibord property swap described above. No work was completed in 2009 on the property.

PORCUPINE CAMP (TIMMINS AREA) PROPERTIES

The Porcupine Gold Camp has several active and significant mine development and exploration projects. Most of the activity is in the emerging West Timmins area some 25 km southwest from Timmins, anchored by Lakeshore Gold's West Timmins mine development. This is further enhanced by the nearby and ongoing exploration successes of both Lakeshore Gold on the Rusk zone and their acquisition of West Timmins Mining and the "144" Syenite and Golden River zones.

Several companies are actively exploring adjacent properties including those along the Destor back towards Timmins. Within the core historical Timmins camp, celebrating its centenary, the Porcupine Camp continues to generate new discoveries and value from former producers. Recent activity includes:

Goldcorp deepening Hoyle Pond and permitting major Hollinger open pit project

- Hoyle Pond is easterly and northwest respectively of Moneta's North Tisdale and Nighthawk Lake properties
- Hollinger is adjacent to Moneta's Kayorum property

Lake Shore Gold undertaking aggressive development programs on both the Bell Creek and Timmins West complexes

- Bell Creek is easterly and northwest respectively from Moneta's North Tisdale and Nighthawk Lake properties
- The Timmins West complex is 5km northeast of Moneta's Denton Thorneloe property

Significant corporate activity around Moneta's North Tisdale property includes:

- Lake Shore purchase of Bell Creek West for $20M (adjoining to the NE)
- Osisko options 50% of Mountjoy property for $4.25M (3km to the west)
- San Gold acquires 31.5% of Davidson Tisdale project for $4M (adjoining to SE)

Nighthawk Lake property

The *Nighthawk Lake* property is located at the eastern end of the Porcupine Camp on Nighthawk Lake approximately 30 km east of Timmins. The Nighthawk "mini gold camp" east of Timmins is defined primarily by gold mineralization along the Nighthawk Break, a prominent splay striking west-southwest off the east-west trending Destor Porcupine Fault/Deformation Zone ("Destor"). Moneta's *Nighthawk Lake* project is along the Destor, immediately north of the Nighthawk Break, defined by Goldcorp's Nighthawk Mine and other gold zones (Ronoco, Hopson, Narrows, Goldhawk), as well as St Andrew's Aquarius Deposit.

Indications are that Porcupine Gold Mines (Goldcorp) intends to reactivate its exploration efforts in the Nighthawk Lake area. The St Andrew Goldfields Aquarius project remains on care and maintenance.

Moneta recently acquired a 100% interest in 29 claim units in Cody Township from St Andrew Goldfields (press release Oct.22, 2009). The acquired Cody Township claims as illustrated below, are contiguous to the property and, based on previous drilling, suggest a westerly strike extension to Moneta's *Collins Zone* by at least 200 metres, increasing the total strike length to 700 metres, with additional untested potential continuing westerly.

Moneta Nighthawk Lake Project

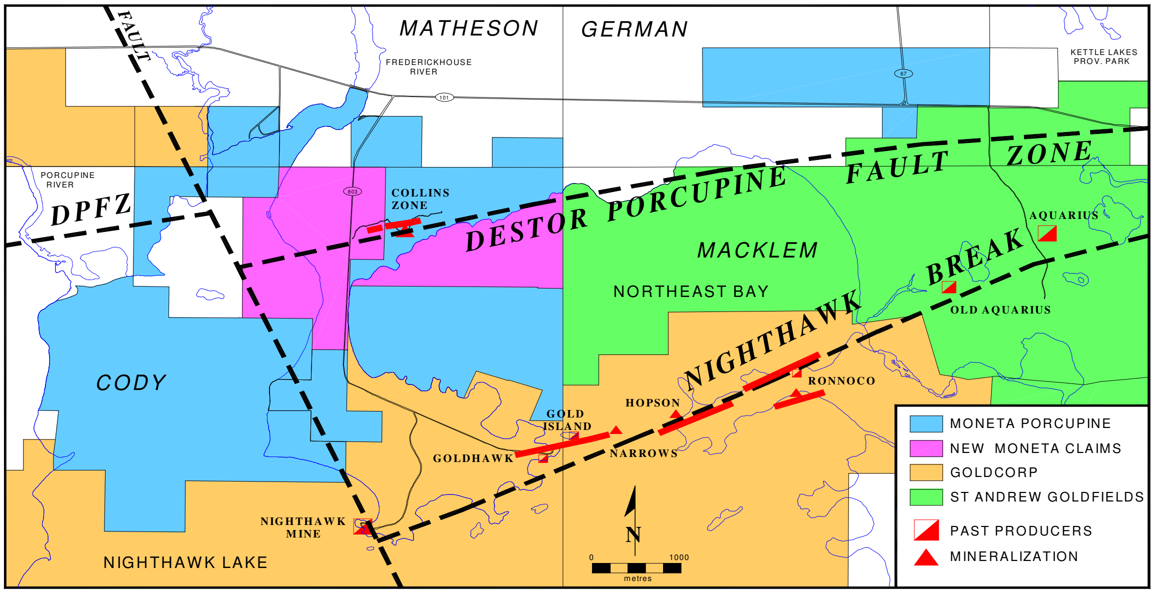

Figure III – Nighthawk Lake Project

The gold mineralization of the *Collins Zone* is hosted within a moderately northerly dipping broad zone of highly altered ultramafic volcanics in contact with overlying Timiskaming sediments. There is potential for a near-surface open pit resource given the style of gold mineralization, proximity to milling infrastructure, and potentially favorable zone geometry.

The primary exploration focus remains the *Collins Group* located to the north along the Destor. A total of 6,038 metres of "BQ" and 1,077 metres of "NQ" core have been drilled 1997-2006 with several gold intersections of economic merit intersected (up to 9.54 g/t of gold over 5.75 metres) over a strike length of ~450m. Mineralization is similar to the Aquarius deposit consisting of quartz stringers with a grey to green carbonate alteration zone. The zone appears confirmed to the west for an additional 200m from historical drilling on adjoining ground recently acquired from St Andrew Goldfields and thus is part of a larger system. A drill program is required to establish the potential and merits of a near-surface open pit resource given the style of gold mineralization and proximity to infrastructure and potentially favourable zone geometry.

On the western most portion of Nighthawk Lake East claims, a 5.7 km grid was established and an IP survey completed. Although the overall IP responses were subtle, and to some extent attributable to thicker overburden, a deep broad weak conductive zone corresponding to a build up of resistivity values was identified. Follow-up deeper reaching IP (wider electrode spacing) may be warranted.

North Tisdale property

The *North Tisdale* property is comprised of a 100% interest in 166 patented, leased, and unpatented mining claim units (approximately 2,650 hectares) located in Tisdale, Murphy and Hoyle Townships, within the (greater) City of Timmins.

The property has been subject to limited exploration activity and contains the highly prospective *New Mine Trend* which hosts the Porcupine Gold Mines (Goldcorp) Hoyle Pond and Owl Creek Mines (9 km east) as well as Lakeshore Gold Bell Creek Mine Complex (6 km to east).

Recent regional corporate transactions immediately adjacent to Moneta's *North Tisdale* property between Lakeshore and Goldcorp, San Gold and Laurion, and Osisko and Claimpost, have drawn renewed attention to this North Tisdale area (press release October 30, 2009).

The property is underlain primarily by numerous east-westerly trending intercalated mafic and ultramafic volcanic flows and variably graphitic argillites and clastic sediments. Gold mineralization can be hosted in a variety of settings mainly within quartz-sulphide-carbonate stockwork zones occupying porphyry/mafic/ ultramafic/graphitic argillite contacts and/or structural zones. The primary target is considered to be the western extension of the Bell Creek-Owl Creek New Mine Trend setting believed to cross the central portion of the property.

In Q1 2009, a drill hole testing the upper 250 metres was completed to test a MMI (Mobile Metal Ion) soil geochemical anomaly potentially associated with grey zone type alteration in the most northerly volcanics in the central portion of the property. A comprehensive property review is underway to facilitate a 2010 drill program.

Denton Thorneloe property

The *Denton-Thorneloe* property consists of a 16 claim unit mining lease 40km southwest of Timmins in the emerging West Timmins gold area driven by Lakeshore Gold's mine development and recent discoveries by West Timmins Mining (recently acquired by Lakeshore). The property is less than 5km to the southwest with known gold mineralization to the north and on strike to the west.

Although known primarily for its two historical nickel zones discovered by Hollinger in 1958-60, a gold exploration strategy is being developed given its location along the Destor and documented veining, strong shearing and alteration. Several anomalous gold values were intersected in past Hollinger drilling that focused on nickel mineralization. More recently, a Falconbridge drill hole testing a geophysical anomaly intersected a mixed quartz-carbonate vein/iron formation zone over 5.5 metres.

The property covers east-west trending volcanics and sediments strongly affected by Destor deformation and cut by north-south trending diabase dykes. From diamond drilling the eastern and northern portion of the property appears to be dominated by komatiitic flows, felsic metavolcanics and banded iron formations with minor graphitic argillite. The structure of the property is believed to be complex with the rocks commonly sheared and folded. Younger faults are indicated by offsets in the magnetic trends striking north to northwesterly and assumed to be steep dipping. From drilling rocks are known to be altered (chlorite, ankerite and sericite) frequently veined, brecciated and sheared.

Exploration to date has focused on nickel mineralization and its immediate host volcanic stratigraphy dominating the northern half of the property. Work by Hollinger between 1958 and 1960 included geological, ground magnetic / EM surveys, and 14 drill holes (1,746m) and resulted in the discovery of two narrow zones of nickel mineralization. Additional work in 1966 and 1967 over select portions of the property included ground magnetic and HLEM surveys with an additional 8 holes (922m) drilled. More recently from 1991-92 Falconbridge (Xstrata) completed property wide B-horizon soil/humus geochemical, ground magnetic, and MaxMinII surveys with follow-up drilling of 4 holes (870m).

In Q4 2009, Moneta completed line cutting and an IP survey on the property. Several zones of interest were delineated and lithology mapped. Follow-up exploration including drilling is planned for 2010.

Kayorum property

The *Kayorum* property consists of 52 claims located within the City of Timmins immediately south and southwest of the Hollinger Mine site and includes the former Moneta Mine. Since 1990, several exploration programs have been completed under option agreements with Cogema, Cameco, and Placer Dome (Goldcorp).

The adjacent Hollinger Mine project is currently in a permitting and feasibility stage for the development of 3 open pits by Goldcorp based on a 2006 combined inferred and indicated resource of 4.38Mozs using $603.75 CAN/oz and a cutoff of 0.64g/t. Exploration drill programs have identified several underground mining opportunities for both the Hollinger and McIntyre mines that are being evaluated.

PORCUPINE CAMP: OTHER PROPERTIES

Potter Stock property (joint venture)

Geodex Minerals Limited ("Geodex") and Moneta each hold a 50% interest in a small claim group and completed a 360 metre drill hole in Q4 2008 intersecting variably altered granodioite with no significant assay results.

Idaho Perlite property

In 1999, Moneta sold all of the assets of a perlite mining and processing business located in Idaho. Under the agreement, Moneta receives royalties of between $3 and $7 US per ton of perlite sold by the purchaser. Security against future royalties has been provided by the purchaser in the form of a US$2,925,000 mortgage on the assets purchased.

Base Metal Projects

In March 2008, Moneta announced it entered into an agreement with Amador Gold Corporation ("Amador") for the sale of the Kamiskotia base metal project (Godfrey and Jamieson Townships), Loveland Nickel (Loveland Township), and Fripp (Fripp Township) for staged cash payments totalling $500,000 and 1.35 million shares over three years. The properties host nickel, copper, and zinc mineralization and are being actively explored. The agreement is in good standing as at December 31, 2009.

FINANCIAL REVIEW

The annual consolidated financial statements have been prepared on the basis that the Company is a going concern which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of its properties and/or the realization of proceeds from the sale of one or more of its properties. The consolidated financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

This section discusses significant changes in the Consolidated Balance Sheets, Consolidated Statements of Net Loss, Comprehensive Loss and Deficit, and Consolidated Statements of Cash Flows for the years ended December 31, 2009 and 2008.

SELECTED ANNUAL INFORMATION

($ except per share data)	For the years ended December 31,		
Highlights	**2009**	2008	2007
Revenue	-	-	-
Net loss	518,647	410,264	160,642
Net loss per share	$0.00	$0.00	$0.00
Total Assets	13,931,500	7,855,469	8,149,273
Total Long-term liabilities	Nil	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

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

($ except per share data)	**2009**				2008			
Highlights	Dec	**Sep**	**Jun**	**Mar**	Dec	Sep	Jun	Mar
Revenue	-	-	-	-	-	-	-	-
Comprehensive (earnings) loss	238,500	8,550	111,974	159,623	77,307	170,959	(157)	162,155
Net Loss (Profit) per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER 2009

On December 8, 2009, Moneta acquired the remaining 50% ownership interest in the Michaud Joint Venture ground ("Michaud JV") for $1 million, and has terminated the Michaud JV with no underlying encumbrances. The Michaud JV covered 68 claim units located in the southern portion of Michaud Township which extends west from the hanging wall of Windjammer South, south of the Southwest Zone, and contains the 55 Zone, Dyment 3, and Western Zone gold zones.

At December 31, 2009, the Company had temporarily borrowed $769,664 from cash restricted for flow through to fund the hard/non-flow through dollar acquisition of the remaining 50% joint venture interest in the former Michaud Joint Venture which closed December 8, 2009. The Company expects to raise a sufficient amount of hard/non-flow through dollars during 2010 to fully reimburse the cash restricted for flow through (bringing the 2010 cash restricted for flow through to $5,423,853) and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

In Q4 2009, Moneta finalized an agreement ("Agreement") to transfer certain claims from St Andrew Goldfields ("St Andrew"). The Agreement granted Moneta a 100% interest in 29 claim units in Cody Township, a 100% interest in 3 claim units in Guibord Township, and a $50,000 cash payment from St Andrew. In return, and, in order to address St Andrew expenditure commitments, the Agreement granted St Andrew a 75% vested interest in the Guibord Property and 50% vested interest in and operatorship of the Barnet Joint Venture.

In December 2009, Moneta completed a non-brokered private placement financing ("Placement") and issued 12,000,000 structured flow-through units ("Unit") at $0.45 per share for aggregate gross proceeds of $4,200,000. <u>Moneta attracted hard/non-flow through dollar investors and converted the otherwise hard dollar financing into "structured" flow through in that final participants in the financing do not hold Moneta common shares at a zero cost base.</u> Each Unit was comprised of a one common share and one-half common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share at an exercise price of $0.45 for a term of eighteen months following the closing of the Placement. Share issue costs associated with this financing were $120,000 in cash finders' fees and $52,637 in legal and TSX fees. In conjunction with the financing, Moneta issued 6,000,000 Warrants. The estimated fair value of these Warrants is $1,146,188 using the Black Scholes model and was charged as reduction in share capital on the Balance Sheet and credited to contributed surplus in shareholders' equity. The weighted average fair value amounted to $0.19 per Warrant.

SIGNIFICANT EVENTS DURING 2009

The net loss in 2009 was $518,647 (2008 - $410,264) including $201,880 (2008 - $385,576) in non-cash stock-based compensation.

Exploration expenditures amounted to $1,029,800 (2008 - $1,558,686) of which $899,761 (2008 - $1,261,742) was eligible for flow-through for the year ended December 31, 2009. The 2009 exploration expenditures relate primarily to diamond drilling completed on the eastern portion of the Golden Highway Project primarily around *Windjammer North* and *Windjammer South.*

In August 2009, Moneta completed a non-brokered private placement financing ("Placement") and issued 10,788,235 flow-through units ("Unit") at $0.17 per share for aggregate gross proceeds of $1,834,000. Moneta attracted hard/non-flow through dollar investors and converted the otherwise hard dollar financing into "structured" flow through in that final participants in the financing do not hold Moneta common shares at a zero cost base. Each Unit was comprised of a one common share and one-half common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one common share at an exercise price of $0.18 for a term of eighteen months following the closing of the Placement. Issue costs associated with this financing were $70,860 in cash finders' fees and $29,471 in Toronto Stock Exchange and other fees. In conjunction with the financing, Moneta issued 5,394,117 Warrants. The estimated fair value of these Warrants is $399,706 using the Black Scholes model and was charged as reduction in share capital on the Balance Sheet and credited to contributed surplus in shareholders' equity. The weighted average fair value amounted to $0.07 per Warrant.

During the year, directors, officers and consultants exercised 797,000 stock options at an average exercise price of $0.13 for total gross proceeds of $105,250. Also during the year, the Company granted 2,345,323 stock options to directors, officers, and consultants. The estimated fair value of these options, which are subject to immediate vesting or vesting on a quarterly basis over a three year period, is $201,880 using the Black Scholes model and was charged as stock-based and other compensation to the consolidated statements of net loss, comprehensive loss and deficit and credited to contributed surplus in shareholders' equity. The weighted average grant date fair value amounted to $0.10 per option.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Net Loss, Comprehensive Loss and Deficit for the years ended December 31, 2009 and 2008 and the corresponding notes thereto. All references to years "2009" or "2008" relate to the years ended December 31 of those years unless stated otherwise. Moneta has not generated any material operating revenues in 2009 as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta incurred a net loss of $518,647 in 2009 as compared to a loss before taxes of $410,264 in 2008. Stock-based compensation expense, a non-cash charge related to the issuance of stock options was $201,880 in 2009 as compared to $385,576 in 2008. Consulting fees were $408,707 in 2009 as compared to $240,038 in 2008 and increased primarily due to incremental fees paid to the expanded management team. General & administration expenses were $117,361 in 2009 as compared to $76,915 in 2008 reflecting a marginal increase in year over year costs. Travel and promotion and investor relations expenses were $51,395 in 2009 as compared to $307,673 in 2008. The significant decrease year over year primarily relates to the cost of an investor relations program and related expenses in place in 2007 and 2008 and terminated in Q3 2008. Legal and audit expenses were $34,604 in 2009 as compared to $42,310 in 2008 reflecting fluctuations in professional services rendered. The realized gain on investments held for trading was $5,670 in 2009 as compared to $NIL in 2008. The unrealized gain on investments held for trading, resulting from market value fluctuations, was $13,110 for 2009 as compared to an unrealized loss of $167,400 in 2008 reflecting an increase in the valuation of the investments held for trading from December 31, 2008 as compared to a substantial drop in valuation during 2008. Interest income was $12,985 in 2009 as compared to $48,668 in 2008. The decrease is primarily related to a substantial decline in interest rates earned on cash balances as well as lower level of cash balances year over year until the financings completed in the second half of 2010. Management fees, option payments received & other income was $40,535 in 2009 as compared to $42,905 in 2008. Realized gain on disposal of mineral properties was $182,400 in 2009 as compared to $359,967 in 2008. The variance is primarily due to different mineral property option payments received in 2009 and 2008 on the sale of the Company's base metals projects in 2008. Recovery of future income taxes related to the renunciation of flow through expenditures was $40,600 in 2009 as compared to $409,293 in 2008. The variation primarily relates to the December 2007 $1,411,356 and December 2008 $140,000 financings, the exploration expenditures for which are subject to renunciation, in the normal course, in Q1 following the years of the financings.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the Annual Consolidated Balance Sheets as at December 31, 2009 and 2008, and the corresponding notes thereto. References made to "2009" or "2008" relate to the respective balances as at December 31, unless stated otherwise.

Consolidated assets

Consolidated assets were $13,931,500 at December 31, 2009 as compared to $7,855,469 at December 31, 2008.

Cash restricted for flow-through, restricted for spending on qualifying Canadian exploration expenditures, was $4,654,189 at December 31, 2009 as compared to $289,614 at December 31, 2008. Non-restricted cash and equivalents were $NIL at December 31, 2009 as compared to $397,698 at December 31, 2008.

At December 31, 2009, the Company had temporarily borrowed $769,664 from cash restricted for flow through to fund the hard/non-flow through dollar acquisition of the remaining 50% joint venture interest in the former Michaud Joint Venture which closed December 8, 2009. The Company expects to raise a sufficient amount of hard/non-flow through dollars during 2010 to fully reimburse the cash restricted for flow through (bringing the 2010 cash restricted for flow through to $5,423,853) and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

Mineral properties and deferred costs were $9,127,116 at December 31, 2009 as compared to $7,078,564 at December 31, 2008. The increase is primarily due to exploration expenditures incurred in 2009.

Consolidated liabilities

Consolidated liabilities were $484,411 at December 31, 2009 as compared to $135,248 at December 31, 2008. The increase is primarily due to an increase in flow-through expenditures on the Golden Highway Project, incurred but unpaid until Q1 2010, and management incentive compensation paid in 2010.

Shareholders' equity

Shareholders' equity was $13,447,089 at December 31, 2009 as compared to $7,720,221 at December 31, 2008. The significant increase is primarily due to the $1,834,000 and $4,200,000 financings completed in August and December 2009, offset by the 2009 net loss of $518,647.

Shareholders equity was increased by a $1,545,894 credit to Contributed Surplus related to non-cash stock-based and other compensation accounting charges related to common share purchase warrants issued in conjunction with the financings. The non-cash accounting charge follow generally accepted accounting principles and are calculated using a Black Scholes valuation model. The charges are heavily influenced by the recent stock price performance (Moneta is trading a multi-year highs) which impacts volatility and the valuation of common share purchase warrants that are generally issued above the market price of Moneta traded shares (i.e. out-of-the-money).

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Annual Consolidated Balance Sheets as at December 31, 2009 and 2008, and the corresponding notes thereto. References made to "2009" or "2008" relate to the respective balances as at December 31 and December 31, unless stated otherwise. References to "YTD" and "2008 YTD" relates to the years ended December 31, 2009 and 2008, respectively.

The consolidated working capital ratio at December 31, 2009, including cash restricted for flow-through, is strong at 10:1 as compared to 5.5:1 at December 31, 2008. The Company is well-funded and one of the most significant sole risk exploration programs in its history is now underway.
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 year ended December 31, 2009.

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 and is considered to be in the exploration stage. 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, including cash restricted for flow-through, to meet its current obligations and currently planned operating costs and expenditures on its mineral properties for the next twelve to eighteen months. The Company intends to strategically advance its *Golden Highway Project* by way of additional exploration programs. Moneta intends to seek additional capital resources required from equity financings including flow-through. 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.

Cash restricted for flow-through of $4,654,189 at December 31, 2009 will be actively used to undertake exploration expenditures. Other receivables of $58,151 primarily consist of GST Recoverable and other receivable amounts collected in Q1 2010. Accounts payable and accrued liabilities of $484,411 primarily relate to unpaid 2009 exploration expenditures paid in January 2010.

Cash provided from (used in) operating activities
Cash used in operations totaled $48,796 for the year ended December 31, 2009 as compared to cash used of $211,001 in 2008. The substantial decline in cash used in operations is primarily due to a decrease in recovery of future income taxes of $40,600 in 2009 as compared to $409,293 in 2008 resulting from the flow through expenditure renunciation related to flow-through financings of $140,000 in 2008 and $1,411,356 in 2007, respectively, offset by the change in realized gain of $13,110 in 2009 as compared to a reduction or realized loss of $167,400 in 2008.

Cash provided from (used in) investing activities
Cash used in investing activities was $2,068,562 for the year ended December 31, 2009, as compared to $1,559,546 in 2008. The increase is primarily due to the increase in exploration expenditures of $2,230,952 in 2009 as compared to $1,558,646 in 2008, offset by an increase in the investments held for trading of $20,010 in 2009 as compared to $199,800 in 2008.

Cash provided from (used in) financing activities
Cash provided from financing activities were $6,084,235 for the year ended December 31, 2009, as compared to $122,790 in 2008, representing the $6,034,000 financings (net of issue costs) in 2009 as compared to $122,790 in 2008, $105,250 in proceeds on the exercise of options, and $220,500 in proceeds from the exercise of purchase warrants.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company recorded fees of $416,703 (December 31, 2008 - $289,739) to related individuals and companies controlled by directors, officers and consultants for the year ended December 31, 2009. The fees were for management and consulting services provided to the Company under ongoing contracts. All related party expenditures were in the normal course of business at the exchange amounts.

Stock options with an aggregate Black Scholes valuation of $201,880 (2008 - $385,576) were issued to directors, officers or consultants during the year ended December 31, 2009.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to permit timely decisions regarding public disclosure.

The Company believes that it has designed and implemented disclosure controls and procedures, as at December 31, 2009, that are sufficient in providing reasonable assurance that material information related to the Company and its consolidated results are made known and is adequately disclosed in the Company's filings as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Quarterly and Annual Filings.

There has not been any change in the Company's internal control over financial reporting that occurred during the Company's most recent year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

Financial instruments

The Company is required to classify all financial instruments as held-for-trading, available-for-sale, held-to-maturity, or loans and receivables or other financial liabilities. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the Consolidated Statements of Comprehensive Loss and Deficit. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in Other Comprehensive Income. Items held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost.

The Company has designated its cash and equivalents as held-for-trading, which are measured at fair value. Other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. Investments held for trading are recorded at fair value with the difference between fair value and cost being recorded as unrealized appreciation or depreciation in value of investments. In the case of securities listed on stock exchanges, the fair value means the latest bid price. Investments available for sale are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. Investments for which reliable quotations are not readily available are valued at their fair value using a valuation model and market inputs. The Company has not classified any financial assets as available-for-sale or held-to-maturity.

Mineral properties and deferred costs

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and leasehold costs and exploration costs are deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment. Proceeds from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the consolidated statements of net loss, comprehensive loss and deficit for the period.

The amount at which mineral properties and deferred exploration and development expenditures are recorded do not necessarily reflect present or future values of the resource properties. The recoverability of amounts recorded as mineral properties and deferred exploration and development expenditures is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interests in the underlying properties, the ability of the Company to obtain the financing necessary to complete the development, and future profitable production or proceeds from the disposition thereof.

If a project is successful, the related mineral property and deferred exploration costs are amortized on a unit-of-production basis, based on estimated economic reserves, over the estimated economic life of the project. If a project is unsuccessful, or if exploration ceases because continuation is not economically feasible, the mineral properties and the related deferred exploration and development costs are written off to the consolidated statements of net loss, comprehensive loss and deficit for the period.

Revenue recognition

Revenues associated with the sales of gold are recognized when title passes from the Company to its customer and when collection is reasonably assured. Revenues associated with other income are realized when all significant acts have been completed and when collection is reasonably assured.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The functional currency of the subsidiary Wounded Bull is the US dollar and the temporal method of foreign currency translation is applied as Wounded Bull is considered to be an integrated foreign operation. Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in operations.

Stock-based compensation

The Company adopted CICA Handbook Section 3870: Stock-Based Compensation and Other Stock-Based Payments, which requires that a fair value based method of accounting be applied to all stock-based payments. The fair value of incentive stock options granted to directors, officers, consultants, employees, and service providers and purchase warrants issued to shareholders on private placements are calculated using the Black-Scholes valuation model. The fair value of stock-based compensation is recorded as a charge to the consolidated statements of net loss, comprehensive loss and deficit with a corresponding credit to contributed surplus. The fair value for each instrument is estimated using the following weighted average assumptions:

Risk free rate	0.5% - 1.0%
Expected life	Determined by the terms and conditions of each instrument
Expected volatility	Determined by the closing sale price for the Company for a historical time interval equal to the expected life of the instrument
Expected dividend yield	0%

Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of mineral properties that result from acquisition. The Company records the estimated fair value of a liability, and corresponding increase in the related property, for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation 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 asset's retirement cost to expense using a systematic and rational method over the asset's useful life, and records the accretion of the liability as a charge to the consolidated statements of net loss, comprehensive loss and deficit.

Income taxes

Income taxes are accounted for using the future income tax method. Under this method, income taxes are recognized for the estimated income taxes payable for the current year. Future income taxes are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of those accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of the assets and liabilities and measured using the substantively enacted income tax rates expected to apply when such differences are expected to reverse. Future income taxes also related to the recognition of flow-though share tax deductions. Flow-through share tax deductions are recognized in the year in which they are renounced.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. In periods when the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted loss per share are the same. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact.

Environmental expenditures

The operations of the Company may, in the future, be occasionally affected by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Shares issued through flow-through financing are recorded at their selling price. Under the terms of the flow-through share agreements, the tax benefits of the exploration expenses are renounced in favor of the investors. Flow-through share tax deductions are recognized in the year in which they are renounced.

Financial instruments - disclosures

The provisions in CICA Handbook Section 3862, Financial Instruments – Disclosure, increase the disclosures currently required that will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable. The Company has included disclosures recommended by the new handbook section in Note 10 to the Annual Consolidated Financial Statements.

Financial instruments – presentation

The Company classifies for presentation on the balance sheet its financial assets, financial liabilities and equity based upon the substance of the instrument at the date of issuance, and separately classifies the components of any instrument that contains elements of financial liability and equity while appropriately classifying costs or gains associated with issuing financial liabilities within the income statement and distributions to holders of equity instruments in the equity section of the balance sheet.

Hedging

CICA Handbook Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company does not engage in hedging transactions and therefore does not have any financial instruments which are subject to hedge accounting.

Comprehensive income

Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income, and this standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings. Comprehensive income, and its components, are required to be presented in a separate annual financial statement that is displayed with the same prominence as the other financial statements.

The Company had no comprehensive income or loss transactions, other than its net loss which is presented in the Consolidate Statements of Net Loss, Comprehensive Loss and Deficit, nor accumulated other comprehensive income during the periods that have been presented. Accordingly a statement of comprehensive income has not been presented.

Mining Exploration Costs

In March 2009, the Emerging Issues Committee ("EIC") of the CICA issued abstract EIC 174, Mining Exploration Costs. This abstract considers when exploration costs related to mining properties may be capitalized, and if exploration costs are initially capitalized, when impairment should be assessed to determine whether a write-down is required and what conditions indicate impairment. It applies to annual financial statements issued subsequent to March 27, 2009. The adoption of this policy is reflected in Note 3 to the Annual Consolidated Financial Statements.

CHANGES IN ACCOUNTING POLICIES

Recent Accounting Pronouncements

IFRS

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB plan outlines the convergence of GAAP with International Financial Reporting Standards ("IFRS") over an extended five-year transitional period. In February, 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The effective date relates to annual financial statements with fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company's management will continue to monitor these developments.

Assessing Going Concerns

CICA Handbook Section 1400 has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of this section resulted in additional disclosure in note 1 to the Annual Consolidated Financial Statements.

Inventories

CICA Handbook Section 3031 (supercedes Section 3030) prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-downs to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. The adoption of this section did not impact the Company.

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, Other receivables, 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 a Canadian financial institution.

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the year. The objectives and strategy for the mineral property portfolio exploration and development activities 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 two specific areas: the credit risk on operating balances including Other receivables primarily comprised of GST recoverable, and Cash and equivalents held with a Canadian financial institution. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at December 31, 2009 was $4,712,340 (December 31, 2008 - $744,505), and was comprised of $58,151 (December 31, 2008 - $57,193) in Other receivables primarily comprised of GST recoverable, and $4,654,189 (December 31, 2008 - $289,614) in Cash and equivalents held with a Canadian financial institution with a "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 interest rates, foreign currency exchange 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 fluctuations against the Canadian dollar.

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

The Company believes that its cash position and short term investments provide adequate liquidity to meet all of the Company's near-term obligations.

SUBSEQUENT EVENTS

In March 2010, the Company renounced $6,034,000 of expenditures on 22,788,235 structured flow-through common shares issued in August and December 2009, resulting in a fiscal 2010 reduction of $1,508,500 in share capital and corresponding decrease to future income assets. The flow-through funds are to be spent on qualifying exploration expenditures during fiscal 2010. The Company has not recognized its future income tax assets, and the $1,508,500 will be recorded as a future income tax recovery on the fiscal 2010 consolidated statement of comprehensive loss and deficit.

OUTSTANDING SHARE DATA

As of December 31, 2009, the Company has a total of 126,690,027 (2008 - 101,879,792) common shares outstanding and 7,266,644 (2008 – 7,130,321) stock options outstanding with an average exercise price of $0.12 (2008 - $0.11) per share.