



MONETA PORCUPINE MINES INC.

Interim Consolidated Financial Statements

For the three months ended March 31, 2010

Q1 2010

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT AND
HAVE NOT BEEN REVIEWED BY THE COMPANY'S AUDITOR**



MONETA PORCUPINE MINES INC.

Consolidated Balance Sheets

As at	(Unaudited) March 31, 2010 \$	(Audited) December 31, 2009 \$
Current assets		
Cash restricted for flow-through (note 12)	2,983,309	4,654,189
Prepaid expenses	27,626	20,854
Other receivables	97,356	58,151
Total current assets	3,108,291	4,733,194
Investments held for trading	35,595	71,190
Mineral properties and deferred costs (note 3)	10,786,281	9,127,116
	13,930,167	13,931,500
Current liabilities		
Accounts payable and accrued liabilities	523,364	484,411
Total current liabilities	523,364	484,411
Shareholders' equity		
Capital stock (note 4)	27,489,287	28,923,587
Contributed surplus (note 5)	2,848,480	2,848,480
Deficit	(16,930,964)	(18,324,978)
Total shareholders' equity	13,406,803	13,447,089
	13,930,167	13,931,500

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



MONETA PORCUPINE MINES INC.

Consolidated Statements of Net Loss, Comprehensive Loss and Deficit

For the three months ended March 31,	2010	2009
	\$	\$
Expenses		
Unrealized loss on investments held for trading	35,595	5,400
General & administration	31,427	30,571
Travel and promotion	18,454	22,803
Consulting fees	12,706	68,227
Director fees	9,500	-
Legal & audit	7,351	11,750
Stock-based compensation (note 4)	-	70,755
Mineral property write-downs	-	6,119
Management fees and other income	-	(15,162)
Interest income	(547)	(241)
	114,486	200,222
Loss before income taxes	114,486	200,222
Recovery of future income taxes (note 6)	(1,508,500)	(40,600)
Net Loss (Earnings) and Comprehensive Loss (Earnings)	(1,394,014)	159,622
Deficit - beginning of period	18,324,978	17,806,331
Deficit - end of period	16,930,964	17,965,953
Loss per share	(\$0.01)	\$0.00
Weighted average outstanding shares	126,701,360	101,879,792

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



MONETA PORCUPINE MINES INC.

Consolidated Statements of Cash Flows

For the three months ended March 31,	2010	2009
	\$	\$
Operating activities		
Net Earnings (Loss) and Comprehensive Earnings (Loss)	1,394,014	(159,622)
Add : non-cash items		
Unrealized loss on investments held for trading	35,595	5,400
Writedowns - mineral property and deferred costs	-	6,119
Stock-based and other compensation	-	70,755
Recovery of future income taxes	(1,508,500)	(40,600)
Net change in non-cash working capital balances	(7,024)	34,368
Cash provided from (used in) operating activities	(85,915)	(83,580)
Investing activities		
Mineral properties and deferred costs	(1,659,165)	(105,954)
Cash provided from (used in) investing activities	(1,659,165)	(105,954)
Financing activities		
Issuance of common shares, net of issue costs	74,200	-
Cash provided from (used in) financing activities	74,200	-
Net increase (decrease) in cash and equivalents	(1,670,880)	(189,534)
Cash and equivalents, beginning of period	4,654,189	687,312
Cash and equivalents, end of period	2,983,309	497,778
Interest paid during the period	39	-
Income taxes paid during the period	-	-
Common shares issued to acquire mineral properties	-	-

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



MONETA PORCUPINE MINES INC.

Notes to the Interim Consolidated Financial Statements
For the periods ended March 31, 2010 and 2009

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.



MONETA PORCUPINE MINES INC.

Notes to the Interim Consolidated Financial Statements
For the periods ended March 31, 2010 and 2009

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 Canadian financial institutions 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.



MONETA PORCUPINE MINES INC.

Notes to the Interim Consolidated Financial Statements
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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-through 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.



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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.



MONETA PORCUPINE MINES INC.

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2. Significant accounting policies (continued)

Change in Accounting Policies

Going Concern

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:

	Three months ended March 31, 2010	Year ended December 31, 2009
	\$	\$
Acquisition costs		
Balance, beginning of period	1,617,716	598,963
Acquisition costs ⁽¹⁾	-	1,018,752
Balance, end of period	1,617,716	1,617,716
Deferred exploration and development expenditures		
Balance, beginning of period	7,509,400	6,479,600
Exploration expenditures ⁽²⁾	1,659,166	1,029,800
Balance, end of period	9,168,565	7,509,400
Balance, end of period	10,786,281	9,127,116

⁽¹⁾ Acquisition costs in 2009 of \$1,018,752 primarily related to the buyout of the Michaud Joint Venture now owned 100% by Moneta.

⁽²⁾ Exploration expenditures amounted to \$1,659,166 for the quarter (2009 - \$1,029,800) of which \$1,636,469 (2009 - \$899,761) was eligible for flow-through for first quarter ended March 31, 2010.



MONETA PORCUPINE MINES INC.

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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:

	Three months ended March 31, 2010		Year ended December 31, 2009	
	No. of Shares	\$	No. of Shares	\$
Balance, beginning of period	126,690,027	28,923,587	101,879,792	24,425,846
Issuance of shares for cash:				
Private placements ⁽¹⁾	-	-	22,788,235	6,034,000
Exercise of stock options ⁽²⁾	520,000	74,200	797,000	105,250
Exercise of warrants ⁽³⁾	-	-	1,225,000	220,500
Issuances of shares for non-cash consideration:				
Income tax benefits renounced on flow-through shares (Note 6)		(1,508,500)		(40,600)
Valuation of purchase warrants issued during the period ⁽¹⁾		-		(1,545,893)
Share issuance costs ⁽¹⁾		-		(275,515)
Balance, end of period	127,210,027	27,489,287	126,690,027	28,923,587

⁽¹⁾ In December 2009, Moneta completed a non-brokered private placement financing ("Placement") and issued 12,000,000 structured flow-through units ("Unit") at \$0.35 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 with the effect that the final participants in the financing do not hold Moneta common shares at a zero cost base.

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 with the effect that the final participants in the financing do not hold Moneta common shares at a zero cost base.

⁽²⁾ During the period, directors, officers and consultants exercised 520,000 (2009 - 797,000) stock options at an average exercise price of \$0.14 (2009 - \$0.13) for total gross proceeds of \$74,200 (2009 - \$105,250).

⁽³⁾ During fiscal 2009, the Company issued 1,225,000 common shares on the exercise of purchase warrants at an exercise price of \$0.18 for total gross proceeds of \$220,500.



MONETA PORCUPINE MINES INC.

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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 or over time at the discretion of the Board. The following table summarizes the outstanding stock options:

	Three months ended March 31, 2010		Year ended December 31, 2009	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding, beginning of period	\$0.11	7,266,644	\$0.12	7,130,321
Transactions during the period:				
Granted ⁽¹⁾	-	-	0.10	2,345,323
Options exercised ⁽²⁾	0.14	(520,000)	0.13	(797,000)
Expired ⁽³⁾	-	-	0.12	(1,412,000)
Outstanding, end of period	\$0.11	6,746,644	\$0.12	7,266,644
Exercisable, end of period	\$0.11	6,746,644	\$0.11	7,266,644

- ⁽¹⁾ During fiscal 2009, 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, was \$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 period, directors, officers and consultants exercised 520,000 (2009 - 797,000) stock options at an average exercise price of \$0.14 (2009 - \$0.13) for total gross proceeds of \$74,200 (2009 - \$105,250).
- ⁽³⁾ During fiscal 2009, 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.



MONETA PORCUPINE MINES INC.

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4. Capital stock (continued)

Warrants

	Exercise Price	Expiry Date	Three months ended March 31, 2010 #	Year ended December 31, 2009 #
Outstanding, beginning of period:				
Warrants outstanding	\$0.18	January 2, 2011	4,169,117	-
Warrants outstanding	\$0.45	June 4, 2011	6,000,000	-
			10,169,117	-
Issued (exercised) during the period:				
Warrants issued during the period	\$0.18	January 2, 2011	-	5,394,117
Exercised during the period	\$0.18	January 2, 2011	-	(1,225,000)
			-	4,169,117
Warrants issued during the period	\$0.45	June 4, 2011	-	6,000,000
			-	10,169,117
Outstanding, end of period:				
Warrants outstanding	\$0.18	January 2, 2011	4,169,117	4,169,117
Warrants outstanding	\$0.45	June 4, 2011	6,000,000	6,000,000
			10,169,117	10,169,117

5. Contributed surplus

	Three months ended March 31, 2010 \$	Year ended December 31, 2009 \$
Balance, beginning of period	2,848,480	1,100,706
Value assigned to:		
Valuation of purchase warrants on financing ⁽¹⁾	-	1,545,894
Stock-based compensation on options granted (note 4)	-	201,880
Balance, end of period	2,848,480	2,848,480

⁽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%



MONETA PORCUPINE MINES INC.

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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 period ended March 31, 2010 (2009 – 29.0%), has been reconciled as follows:

	Three months ended March 31, 2010	Year ended December 31, 2009
	\$	\$
Income tax (recovery) provision at statutory rates	(28,622)	(162,182)
Increase (decrease) related to:		
Stock-based compensation	-	58,545
Realized (gain) loss on disposition of mineral property	-	(26,448)
Unrealized (gain) loss on investments held for trading	8,899	(3,766)
Realized (gain) loss on investments held for trading	-	(1,901)
Other	(3,751)	(21,554)
	(23,473)	(157,305)
Losses not tax benefited	23,473	157,305
Add: Tax benefits renounced on flow-through shares ⁽¹⁾	(1,508,500)	(40,600)
Recovery of future income taxes	(1,508,500)	(40,600)

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

	Three months ended March 31, 2010	Year ended December 31, 2009
	\$	\$
Future income taxes		
Future tax assets:		
Net operating loss carry forwards	662,000	610,000
Resource deductions	-	676,000
Other	104,000	102,000
	766,000	1,388,000
Less: Valuation allowance	(663,000)	(1,388,000)
	103,000	-
Future tax liabilities:		
Resource deductions	(103,000)	-
	-	-

⁽¹⁾ In March 2010, the Company renounced \$6,034,000 (2009 - \$140,000) of expenditures on flow-through common shares issued in 2009, resulting in a \$1,508,500 (2009 – \$40,600) reduction in share capital and corresponding decrease to future income tax assets. The Company has not recognized its future income tax assets, and the \$1,508,500 (2009 - \$40,600) was recorded as a future income tax recovery on the consolidated statements of net loss, comprehensive loss and deficit.



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6. Income taxes (continued)

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 (2009 - \$2,701,000) available for deduction against future taxable income, the balances of which will expire as follows:

Year	2010 \$	2009 \$
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	542,000
	2,701,000	2,701,000

The potential tax benefit of the above losses has not been recognized in these consolidated financial statements. The Company has approximately \$3,050 (2009 – \$3,050) in capital losses available to apply against future capital gains.

7. Related party transactions

The Company recorded fees of \$17,000 (December 31, 2009 - \$416,703) to related individuals and companies controlled by directors and officers for the period ended March 31, 2010. 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.

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 (2009 – \$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.



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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 period ended March 31, 2010.

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 Canadian financial institutions.

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 Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at March 31, 2010 was \$3,080,665 (December 31, 2009 - \$4,712,340), and was comprised of \$97,356 (December 31, 2009 - \$58,151) in Other receivables primarily comprised of GST recoverable, and \$2,983,309 (December 31, 2009 - \$4,654,189) in Cash held with Canadian financial institutions with a "AA" credit rating.



MONETA PORCUPINE MINES INC.

Notes to the Interim Consolidated Financial Statements
For the periods ended March 31, 2010 and 2009

10. Financial instruments and risk management (continued)

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.

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 March 31, 2010, the Company had temporarily borrowed \$781,378 (December 31, 2009 - \$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, in the second quarter 2010, a sufficient amount of hard/non-flow dollars through the early exercise of stock options by directors and officers, through the exercise of the in-the-money \$0.18 January 2, 2011 warrants (the early expiration trigger of which has been satisfied), and through other cash flows. The Company fully expects to reimburse the cash restricted for flow-through and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

13. 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 three months ended March 31, 2010

Q1 2010



MONETA PORCUPINE MINES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the periods ended March 31, 2010 and 2009

This Management Discussion and Analysis ("MD&A") analyzes the significant changes in the Interim 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 Interim Consolidated Financial Statements and notes thereto for the periods ended March 31, 2010 and 2009. The MD&A is prepared with an effective date of May 14, 2010.

Additional information related to the Company is available in Moneta's Interim Information Form ("AIF"). The AIF and other continuous disclosure documents, including the Company's press releases and quarterly and Interim 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:

Page 1	Forward-Looking/Safe Harbour Statement and Fair Disclosure Statement
Page 2	Outlook
Page 2	Corporate Overview, Mineral Properties
Page 14	Financial Review Consolidated Operating Results, Consolidated Financial Position, Liquidity and Capital Resources
Page 17	Off-Balance Arrangements
Page 18	Transactions with Related Parties, Critical Accounting Estimates
Page 22	Changes in Accounting Policies
Page 22	Financial Instruments and Other Instruments
Page 23	Outstanding Share Data

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.



MONETA PORCUPINE MINES INC.
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OUTLOOK

Moneta has contracted three drills for the 2010 exploration program. 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.

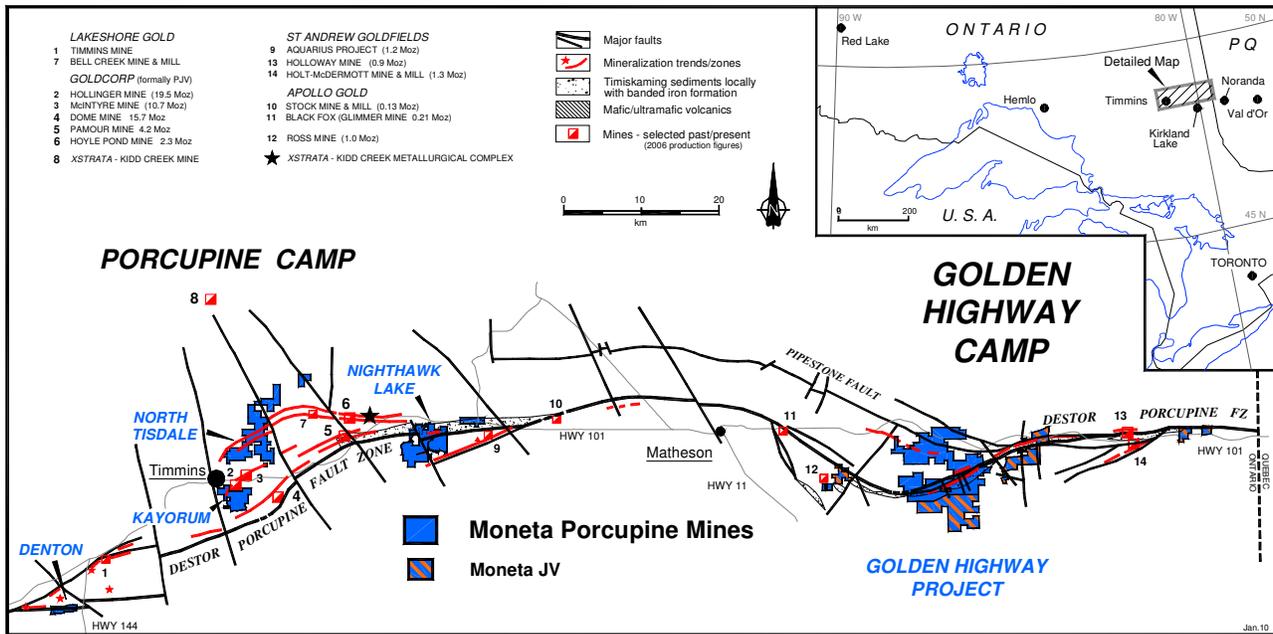


Figure I: Moneta's Key Exploration Properties



MONETA PORCUPINE MINES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the periods ended March 31, 2010 and 2009

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, Dymont 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 *Dymont 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.

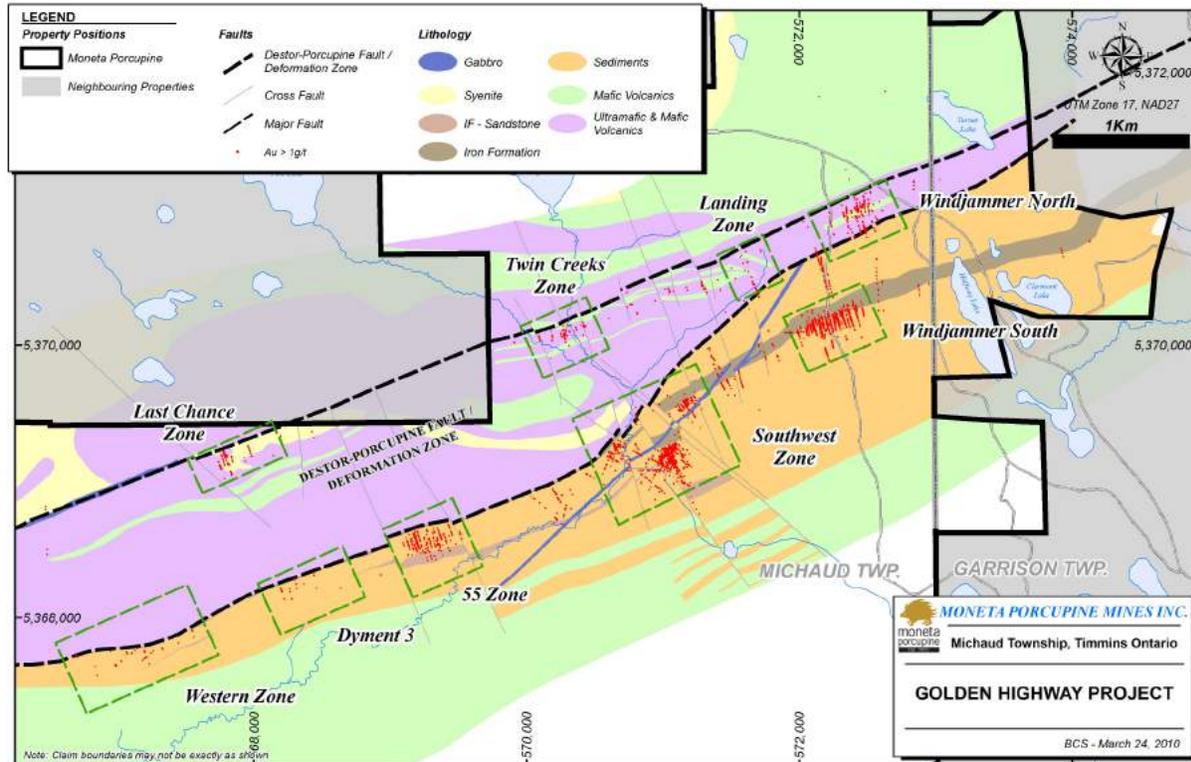


Figure II - Golden Highway Project: Exploration Area Geology and Gold Intercepts / Zone Locations

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*, *Dymont 3*



and *Western Zones*. Variably intense silicification and sericitization with hematization 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.

2010 EXPLORATION ACTIVITY

GOLDEN HIGHWAY CAMP PROPERTIES

The Golden Highway Camp, located approximately 100km of the Porcupine Camp, is increasingly active and the area's gold potential continues to be confirmed with production at both Apollo Gold's Black Fox open pit and developing underground mine and both St Andrew Goldfield's Holloway-Holt mine complex the newly commissioned Hislop open pit. Moneta's Golden Highway Camp properties ("*Golden Highway Project*") are between 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 Q1 2010 exploration drill program was 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 12,500 metres were completed in 40 drill holes. A total of 9,600 metres in 36 holes were drilled in the 55 Zone and 4 holes and 3 wedges for 3,000 metres in the Southwest Zone. The 3 deep wedges are from drill hole MN96-162 in the Southwest Zone.

Primary objectives remain the expansion and definition gold mineralization and resources particularly those of the Southwest Zone and its higher grade component, as well as the potential of the high grade of the 55 Zone. Additional objectives of the longer term GHP program include drill testing prospective areas north of the Windjammer South iron formation ("*Windjammer Central*"), the 1,000 metre "*gap*" between *Windjammer South* and the *Southwest Zone* and south hanging wall of Windjammer South, and continuity and confirmation of Windjammer North mineralization as well as testing IP geophysical targets. Several of these objectives are follow-up phases from the 2009 program that tested Windjammer North mineralization, the Windjammer South hanging wall and the north contact of the iron formation and completed a drill section across the sediments between Windjammer South iron formation and the volcanics to the north hosting Windjammer North. All drill holes intersected gold values and the program 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 remain open on strike and to depth with significant untested potential.

In 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. 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, pyrite, 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 increases 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
0.7	Indicated	7,786,000	1.22	305,379
	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 of 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.

Moneta began selective drilling on the Southwest Zone in Q1 2010 and currently continues to focus 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 both for expansion and local infill.

Drilling has proceeded testing the depth potential of the gold system as first identified in Barrick drill hole MN96-162 intersecting 2.14 g/t over 68.0m including 6.0 g/t over 8.5 metres at a vertical depth of 1,000m. To date three wedges have been completed off this drill hole testing both the mineralization in the hanging wall of the Central Block ("CB") iron formation (south contact area), as well as the north contact area. In addition two wedges were continued to intersect the south contact of the Eastern Block ("EB") iron formation at depths previously untested (~1000 and 1150m vertical). The CB iron formation is thought to be fault displaced approximately 150m southerly from the EB iron formation and consequently the extended wedges also tested the sediments of the EB hanging wall.



In Q1, 2010, drill hole wedge 162A intersected the well mineralized CB hanging wall alteration gold zone (3.18 g/t over 31.65m) including higher grade values of 9.02 g/t over 0.84m at the iron formation contact. In the greywacke to the north (hanging wall of the EB iron formation scattered narrow quartz veins with no significant associated alteration returned gold values up to 2.54 g/t over 0.30m. A narrow altered greywacke interval was also intersected as was moderately altered and pyritic conglomerate at the EB iron formation contact with gold values up to 2.47 g/t over 0.80m.

Also in Q1 2010, drill hedge wedge 162B was completed at a similar elevation to the original drill hole 162 but intersected the CB iron formation 65 metres to the west. A well mineralized alteration and vein zone was intersected in the greywacke and conglomerate representing the immediate hanging wall of the iron formation returning 3.13 g/t over 37.1m, including 6.91 g/t over 5.33m. The sulphidization of the iron formation contact with quartz veining returned 20.65 g/t over 1.94m. This wedge was continued through the iron formation and intersected a prominent fault breccia along the north contact in greywacke. Immediately north of the fault breccia and part of this fault system a quartz carbonate vein was intersected returning 59.58 g/t over 0.66m, confirming the presence of gold mineralization in this setting and expanding the overall potential of the Southwest Zone.

As a subsequent event, drill hole wedge 162D successfully intersected the CB iron formation contact 100m above drill hole wedges 162A and 162B and continued until terminating in the EB iron formation. Results are pending. Note: 162D was redirected off drill hole wedge 162C which was stopped within 120 metres due to insufficient deviation towards the desired end point.

The successful expansion of the original high grade MN96-162 gold mineralization associated with a strong vein alteration zone in the immediate hanging wall of the CB iron formation and associated iron formation sulphidization confirms the pervasive nature of the Southwest Zone gold mineralizing system. The confirmation of the alteration/vein zone in the EB iron formation hanging wall sediments further expands the gold potential.

Drill hole MSW-10-260 tested the CB upper iron formation, in particular the higher grade westerly plunging zone, intersecting vein zones of 3.05 g/t over 6.75m, 22.29 g/t over 0.88m, and 3.91 g/t over 1.89m at the iron formation contact. Hole MSW-10-261 was stopped due to increasing deviation while holes MSW-10-262 and MSW-10-263 were abandoned due to poor ground conditions. Shallower drilling targeted the southern iron formation contact of the Western Block ("WB") however drill holes MSW-10-264 returned no significant gold values. The results for MSW-10-265 are pending.

Ongoing interpretive work in 2010 is focused on identifying high grade vein systems with drill testing starting in Q2 2010. Expansion of the CB gold mineralization at depth and along strike is continuing.

55 Zone

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

These gold zones are all 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 with all drill holes intersecting gold mineralization.

In Q1 2010, a significant drill program was undertaken 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



MONETA PORCUPINE MINES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the periods ended March 31, 2010 and 2009

targeted the vein orientation believed to represent the highest grade component of the gold mineralization. To date in 2010, an additional 36 drill holes (9,595m) have been completed on section and over a strike length of approximately one kilometre concentrated on the upper 200 metres.

A key geological structure containing high grade gold was interpreted in Q1 2010 based on the current and prior drilling on the 55 Zone. The structure is a fault system hosting a series of high grade moderately north-dipping and en echelon (stacked) gold-bearing quartz veins often within brecciated wall rocks and carrying elevated levels of pyrite. These high grade quartz vein zones are up to 3 metres in thickness and can be traced over a strike length of more than 350 metres. The subsequent 2010 drilling continued to intersect high grade veins, confirmed the new structural interpretation, and extended the 55 Zone from 250 metres to 350 metres, with additional potential along strike and to depth.

The current drilling has also intersected several of these quartz veins/zones in contact with the northern iron formation resulting in local sulfidization of the iron formation and returning significantly enhanced grade. This style of mineralization (holes 4 and 14) has also been intersected to the east in step-out hole M55-10-11 along the northern iron formation. Additional drilling designed to target this style of gold mineralization is required.

Final core processing and modelling is underway and additional assay results are pending. Significant high grade intercepts from the current program (note: drilled width approximates true width) include:

Hole #	From (m)	To (m)	Width (m)	Au (g/t)
M55-10-1	50.30	50.70	0.40	4.03
	104.50	110.00	5.50	4.15
	incl. 106.03	106.36	0.33	10.29
	112.60	113.00	0.40	4.48
	147.90	149.66	1.76	3.00
	151.40	151.71	0.31	16.05
	159.62	160.28	0.66	3.00
	168.58	169.17	0.59	2.68
	184.08	184.58	0.50	4.04
M55-10-2	31.41	32.06	0.65	5.01
	72.84	73.21	0.37	5.74
	88.42	88.96	0.54	3.16
	90.90	91.28	0.38	4.07
	92.28	93.20	0.92	4.64
	119.42	119.74	0.32	3.06
	127.23	127.75	0.52	13.65
	151.71	152.62	0.91	14.76
155.25	155.82	0.57	4.72	
M55-10-3	41.88	43.52	1.64	7.02
	89.00	91.10	2.10	3.98
	133.30	133.70	0.40	3.36
	174.80	175.45	0.65	10.58
M55-10-4	76.60	78.80	2.20	8.70
	incl. 76.60	77.00	0.40	13.27
	and 77.50	77.85	0.35	7.84
	80.35	81.80	1.45	21.39



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	incl.	80.35	80.70	0.35	8.25
	and	80.70	81.14	0.44	29.42
	and	81.14	81.80	0.66	23.01
		115.00	115.70	0.70	15.04
M55-10-5		53.60	54.07	0.47	9.33
		101.36	101.70	0.34	3.14
		192.00	193.20	1.20	4.07
	incl.	192.72	193.20	0.48	6.11
		266.30	268.90	1.20	9.67
	incl.	266.70	267.20	0.50	7.73
	and	267.20	267.90	0.70	11.05
M55-10-8 ⁽²⁾		202.60	203.00	0.40	3.94
		249.35	250.56	1.21	12.00
	incl.	249.78	250.23	0.45	25.63
		252.20	252.85	0.65	6.04
M55-10-11 ⁽²⁾		215.47	215.74	0.27	18.79
		215.74	216.20	0.46	1.41
		216.20	216.55	0.35	14.33
M55-10-14 ⁽²⁾		88.60	88.90	0.30	22.68
		89.65	89.95	0.30	16.86
		92.66	95.30	2.64	14.90
		100.00	100.95	0.95	3.08

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 Thornehoe 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.

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.

Moneta Nighthawk Lake Project

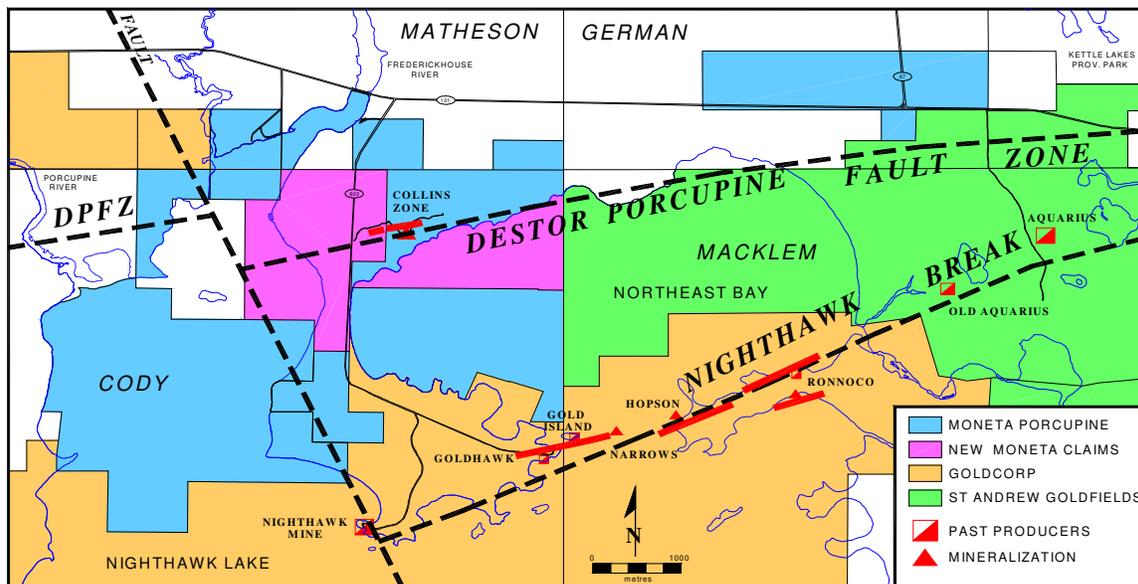


Figure III – Nighthawk Lake Project

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.

A comprehensive property review is underway to facilitate a 2010 exploration 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 on their exploration properties (former West Timmins Mining properties recently acquired by Lakeshore). The property is less than 5km to the southwest with known gold mineralization to the north (Richmont Mines - TSX: RIC) 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 drilling rocks are known to be altered (chlorite, ankerite and sericite) frequently veined, brecciated and sheared.

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 cut-off of 0.64g/t. Exploration drill programs have identified several underground mining opportunities for both the Hollinger and McIntyre mines that are being evaluated.



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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 of March 31, 2010.

FINANCIAL REVIEW

The Interim 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 three months ended March 31, 2010 and 2009.

SUMMARY OF QUARTERLY RESULTS

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

(\$ except per share data)	2010	2009				2008		
Highlights	Mar	Dec	Sep	Jun	Mar	Dec	Sep	Jun
Revenue	-	-	-	-	-	-	-	-
Comprehensive (earnings) loss	(1,394,014)	238,500	8,551	111,974	159,623	57,296	170,959	(157)
Net Loss (Profit) per Share	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

SIGNIFICANT EVENTS DURING THE FIRST QUARTER 2010

Moneta undertook the most aggressive exploration program in its 99 year history in 2010. The budget for 2010 is \$5.5M and 30,000 metres in diamond drilling. Exploration expenditures in Q1 2010 amounted to \$1,659,166 as compared to \$98,894 in Q1 2009. Moneta drilled approximately 10,000 metres in Q1 2010, identifying new high grade gold and significantly advancing its understanding of the 55 Zone and Southwest Zone.



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In March 2010, the Company renounced \$6,034,000 (2009 - \$140,000) of expenditures on flow-through common shares issued in 2009, resulting in a \$1,508,500 (2009 - \$40,600) reduction in share capital and corresponding decrease to future income tax assets. The Company has not recognized its future income tax assets, and the \$1,508,500 (2009 - \$40,600) was recorded as a future income tax recovery on the consolidated statements of net loss, comprehensive loss and deficit.

In Q1 2010, directors, officers and consultants exercised 520,000 (Q1 2009 - NIL) stock options at an average exercise price of \$0.14 for total gross proceeds of \$74,200 (Q1 2009 - \$NIL).

At March 31, 2010, the Company had temporarily borrowed \$781,378 (December 31, 2009 - \$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, in the second quarter 2010, a sufficient amount of hard/non-flow dollars through the early exercise of stock options by directors and officers, through the exercise of the in-the-money \$0.18 January 2, 2011 warrants (the early expiration trigger of which has been satisfied), and through other cash flows. The Company fully expects to reimburse the cash restricted for flow-through and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Net Loss, Comprehensive Loss and Deficit for the three months ended March 31, 2010 and 2009 and the corresponding notes thereto. All references to years "Q1 2010" or "Q1 2009" relate to the three months ended March 31 of those years unless stated otherwise. Moneta has not generated any material operating revenues in 2010 as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported net earnings and comprehensive earnings of \$1,394,014 in Q1 2010 as compared to a net loss and comprehensive loss of \$159,622 in Q1 2009. The unrealized gain on investments held for trading, resulting from market value fluctuations, was \$35,595 in Q1 2010 as compared to an unrealized loss of \$5,400 in Q1 2009 reflecting a decrease in the valuation of the investments held for trading from December 31, 2009 and 2008 respectively. General & administration expenses were \$31,427 in Q1 2010 as compared to \$30,571 in Q1 2009 reflecting a marginal increase in period over period costs. Travel and promotion expenses were \$18,454 in Q1 2010 as compared to \$22,803 in Q1 2009 reflecting a marginal decrease in period over period costs. Consulting fees were \$12,706 in Q1 2010 as compared to \$68,227 in Q1 2009 representing a \$55,000 reversal of incentive compensation in Q1 2010. Director fees were \$9,500 in Q1 2010 as compared to \$NIL in Q1 2009. The Board of Directors approved a cash retainer and cash meeting fees effective January 1, 2010 in lieu of the previous Interim stock option grants for directors. Legal and audit expenses were \$7,351 in Q1 2010 as compared to \$11,750 in Q1 2009 reflecting a reduction in professional services rendered. Stock-based compensation expense, a non-cash charge related to the issuance of stock options, was \$NIL in Q1 2010 as compared to \$70,755 in Q1 2009. Management fees and other income was \$NIL in Q1 2010 as compared to \$15,162 in Q1 2010. The reduction in income is the result of Moneta using its coreshack exclusively for its own aggressive 2010 drill program currently underway. Recovery of future income taxes related to the renunciation of flow through expenditures was \$1,508,500 in Q1 2010 as compared to \$40,600 in Q1 2009. The variation primarily relates to the fiscal 2009 financings of \$6,034,000 and 2008 of \$140,000, 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 Interim Consolidated Balance Sheets as at March 31, 2010 and December 31, 2009, and the corresponding notes thereto.

Consolidated assets

Consolidated assets were \$13,930,167 at March 31, 2010 as compared to \$13,931,500 at December 31, 2009.

Cash restricted for flow-through, restricted for spending on qualifying Canadian exploration expenditures, was \$2,983,309 at March 31, 2010 as compared to \$4,654,189 at December 31, 2009. Non-restricted cash and equivalents were \$NIL at March 31, 2010 as compared to \$NIL at December 31, 2009.

At March 31, 2010, the Company had temporarily borrowed \$781,378 (December 31, 2009 - \$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, in the second quarter 2010, a sufficient amount of hard/non-flow dollars through the early exercise of stock options by directors and officers, through the exercise of the in-the-money \$0.18 January 2, 2011 warrants (the early expiration trigger of which has been satisfied), and through other cash flows. The Company fully expects to reimburse the cash restricted for flow-through and does not anticipate any delays in completing the necessary 2010 flow-through exploration expenditures.

Mineral properties and deferred costs were \$10,786,281 at March 31, 2010 as compared to \$9,127,116 at December 31, 2009. The increase is due to the exploration expenditures incurred in Q1 2010.

Consolidated liabilities

Consolidated liabilities were \$523,364 at March 31, 2010 as compared to \$484,411 at December 31, 2009. The increase is primarily due to a marginal increase in flow-through expenditures on the Golden Highway Project, incurred but unpaid until Q1 2010.

Shareholders' equity

Shareholders' equity was \$13,406,803 at March 31, 2010 as compared to \$13,447,089 at December 31, 2009. The marginal decline is due to a reduction in capital stock resulting from the Q1 2010 renunciation of flow-through of \$1,508,500, offset by the net earnings and comprehensive earnings of \$1,394,014, and the exercise of \$74,200 in stock options.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Interim Consolidated Balance Sheets as at March 31, 2010 and December 31, 2009, and the corresponding notes thereto.

The consolidated working capital ratio at March 31, 2010, including cash restricted for flow-through, remains strong at 5.9:1 as compared to 9.8:1 at December 31, 2009. 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 three months ended March 31, 2010.



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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 \$2,983,309 at March 31, 2010 will be actively used to undertake exploration expenditures. Other receivables of \$97,356 primarily consist of GST Recoverable and other receivable amounts collected in Q2 2010. Accounts payable and accrued liabilities of \$523,364 primarily relate to unpaid Q1 2010 exploration expenditures paid in the normal course in Q2 2010.

Cash provided from (used in) operating activities

Cash used in operations totaled \$85,915 for Q1 2010, as compared to cash used of \$83,580 in Q1 2009. The variation is primarily due to an increase in recovery of future income taxes of \$1,508,500 in Q1 2010 as compared to \$40,600 in Q1 2009, offset by the change in net earnings and comprehensive earnings of \$1,394,014 in Q1 2010 as compared to a loss of \$159,622 in Q1 2009.

Cash provided from (used in) investing activities

Cash used in investing activities was \$1,659,165 for Q1 2010, as compared to \$105,954 in Q1 2009 primarily reflecting the significant quarter over quarter increase in exploration expenditures.

Cash provided from (used in) financing activities

Cash provided from financing activities were \$74,200 for Q1 2010 as compared to \$NIL in Q1 2009, representing the proceeds on the exercise of stock options in Q1 2010.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.



TRANSACTIONS WITH RELATED PARTIES

The Company recorded fees of \$17,000 (December 31, 2009 - \$416,703) to related individuals and companies controlled by directors and officers for the period ended March 31, 2010. 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.

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 March 31, 2010, 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 Interim 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%
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-through 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 Interim 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 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 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 Interim financial statements issued subsequent to March 27, 2009. The adoption of this policy is reflected in Note 3 to the Interim 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 Interim 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.



Going Concern

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 Interim 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 Canadian financial institutions.

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 Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at March 31, 2010 was \$3,080,665 (December 31, 2009 - \$4,712,340), and was comprised of \$97,356 (December 31, 2009 - \$58,151) in Other receivables primarily comprised of GST recoverable, and \$2,983,309 (December 31, 2009 - \$4,654,189) in Cash held with Canadian financial institutions 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.

OUTSTANDING SHARE DATA

As of March 31, 2010, the Company has a total of 127,200,027 (March 31, 2009 - 101,879,792) common shares outstanding and 6,746,644 (March 31, 2009 - 8,015,644) stock options outstanding with an average exercise price of \$0.11 (March 31, 2009 - \$0.11) per share.