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MONETA PORCUPINE MINES INC.

Consolidated Financial Statements

For the six months ended June 30, 2018

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

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MONETA PORCUPINE MINES INC.

Consolidated Statements of Financial Position

As at	Notes	(Unaudited) June 30 2018 $	(Audited) December 31 2017 $
Current assets			
Cash and equivalents		**2,896,631**	4,903,903
Prepaid expenses		**22,546**	19,961
Receivables		**15,235**	15,120
Sales taxes recoverable		**164,746**	513,032
Interest receivable		**-**	6,869
Total current assets		**3,099,158**	5,458,885
Exploration and evaluation assets	**5**	**2,020,481**	1,981,285
Total assets		**5,119,639**	7,440,170
Current liabilities			
Accounts payable and accrued liabilities		**124,308**	3,404,304
Total current liabilities		**124,308**	3,404,304
Going concern	**1**		
Contingent liabilities	**9**		
Shareholders' equity			
Capital stock	**6**	**53,819,344**	50,511,577
Contributed surplus		**7,569,301**	7,687,722
Deficit		**(56,393,314)**	(54,163,433)
Total shareholders' equity		**4,995,331**	4,035,866
Total liabilities and shareholders' equity		**5,119,639**	7,440,170

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Changes In Shareholders' Equity

	Notes	Capital Stock Shares	Capital Stock $	Contributed Surplus	Other Accumulated Comprehensive	Deficit	Shareholders' Equity
Balance as at December 31, 2017		**239,047,148**	**50,511,577**	**7,687,722**	**-**	**(54,163,433)**	**4,035,866**
Share issuance on private placement financing	**6**	**20,000,000**	**3,000,000**				**3,000,000**
Share issuance costs - cash	**6**		**(180,000)**				**(180,000)**
Share issuance on exercise of warrants	**6**	**4,450,000**	**324,000**				**324,000**
Fair value of warrants exercised	**6**		**163,767**	**(163,767)**			**-**
Share based compensation on vested options	**6**			**45,346**			**45,346**
Loss and comprehensive loss						**(2,229,881)**	**(2,229,881)**
Balance as at June 30, 2018		**263,497,148**	**53,819,344**	**7,569,301**	**-**	**(56,393,314)**	**4,995,331**
Balance as at December 31, 2016		208,092,382	45,207,235	4,169,620	-	(46,469,661)	2,907,194
Share based compensation on vested options				931			931
Loss and comprehensive loss						(227,615)	(227,615)
Balance as at June 30, 2017		208,092,382	45,207,235	4,170,551	-	(46,697,276)	2,680,510

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the periods ended June 30,		Three months 2018 $	Three months 2017 $	Six months 2018 $	Six months 2017 $
Expenses					
Exploration and evaluation expenditures	5	**1,425,721**	328,472	**2,009,851**	1,575,952
Share based compensation	6, 8	**22,673**	55,969	**45,346**	64,659
Wages and benefits	8	**52,350**	51,273	**105,612**	104,520
General & administration		**49,576**	8,554	**81,425**	48,739
Legal & audit		**15,995**	21,058	**31,495**	53,097
		1,566,315	465,326	**2,273,729**	1,846,967
Other items					
Other income		**(15,555)**	(10,489)	**(33,353)**	(24,042)
Interest income		**(1,379)**	(5,906)	**(10,495)**	(24,230)
Loss before income taxes		**1,549,381**	448,931	**2,229,881**	1,798,695
Deferred taxes	7	**-**	-	**-**	(1,635,462)
Loss (earnings) and comprehensive loss (earnings)		**1,549,381**	448,931	**2,229,881**	163,233
Deficit - beginning of period		**54,843,933**	49,123,555	**54,163,433**	49,409,253
Deficit - end of period		**56,393,314**	49,572,486	**56,393,314**	49,572,486
Loss (earnings) per share (basic and diluted)		**$0.01**	$0.01	**$0.00**	$0.00
Weighted average outstanding shares		**240,320,436**	238,977,011	**240,320,436**	238,977,011

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

For the six months ended June 30,		**2018**	2017
		$	**$**
Operating activities			
Loss and comprehensive loss		**(2,229,881)**	285,698
Add: non-cash items			
Deferred premium on flow-through shares	**3, 7**	**-**	(1,635,462)
Shared based compensation	**6**	**45,346**	8,690
Net change in non-cash working capital balances		**(2,927,541)**	(116,191)
Cash used in operating activities		**(5,112,076)**	(1,457,265)
Investing activities			
Exploration and evaluation assets	**5**	**(39,196)**	(21,708)
Cash used in investing activities		**(39,196)**	(21,708)
Financing activities			
Common shares issued on private placement, net of issue costs	**6**	**2,820,000**	-
Common shares issued on exercise of stock options	**6, 8**	**-**	6,000
Common shares issued on exercise of warrants	**6**	**324,000**	-
Cash provided from financing activities		**3,144,000**	6,000
Net increase (decrease) in cash and equivalents		**(2,007,272)**	(1,472,973)
Cash and equivalents, beginning of period		**4,903,903**	8,549,319
Cash and equivalents, end of period		**2,896,631**	7,076,346

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

1. Nature of operations and going concern

Nature of operations

Moneta Porcupine Mines Inc. ("Moneta" or the "Company") is a public company listed on the Toronto Stock Exchange (TSX: ME) (OTC: MPUCF) (XETRA: MOP) and incorporated under the laws of the Province of Ontario on October 14, 1910. Moneta is a mineral resource exploration and development company actively exploring for gold on its land package in the Timmins Camp in Timmins, Ontario (Canada). The Company's registered office is 65 Third Avenue, Timmins, Ontario, P4N 1C2. Moneta, a former gold producer, is currently an exploration stage company and has no properties in current production and no production revenues at the present time.

Going concern

These interim consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from June 30, 2018. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2017, except as noted below under changes in accounting policies. These interim consolidated financial statements should be read in conjunction with the 2017 annual consolidated financial statements and the notes thereto. The Company operates in one segment defined as the cash generating unit which is Canada. These interim consolidated financial statements were approved by the Board of Directors of the Company on August 13, 2018.

Basis of Measurement

These interim consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, as set out in the accounting policies in note 3.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3. Significant accounting policies

The principal accounting policies are set out below:

a) Basis of presentation and consolidation

The interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries: Wounded Bull Resources Inc. and 508825 Ontario Ltd. The subsidiaries are inactive with limited operations. The financial statements of subsidiaries are prepared for the same reporting years as the Company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation. The Company's presentation currency and functional currency is the Canadian Dollar.

b) Foreign currency translation

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 the Statements of Loss (Earnings) and Comprehensive Loss (Earnings), except for differences arising on the translation of available for sale equity instruments that are recorded in other accumulated comprehensive income.

The Company translates the assets and liabilities of its wholly-owned subsidiary, Wounded Bull Resources Inc., at the rate of exchange in effect at the reporting date. Income and expenses are translated at the rate of exchange prevailing at the date of the transaction. All resulting exchange differences are recognized in other comprehensive income and accumulated in a cumulative translation reserve under shareholders' equity.

c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement and are initially measured at fair value and classified as loans and receivables, financial instruments at fair value through profit or loss (“FVTPL”), or available for sale financial assets and other liabilities (“AFS”), as appropriate. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it and separates it from the host contract if the host contract is not measured at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as FVTPL, with changes in fair value at each year end recorded in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management.

Loans and receivables

Royalty income receivable, sales taxes recoverable, interest receivable, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of Comprehensive Loss (Earnings) when the loans and receivables are derecognized or impaired, as well as through the amortization process. Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Available for sale financial assets

AFS assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. AFS financial assets are measured at fair value upon initial recognition and at each year end, with unrealized gains or losses being recognized as a separate component of equity in Other Comprehensive Loss (Earnings) until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss, previously reported in equity, is included in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings).

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) for the year. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method. The Company’s accounts payable and accrued liabilities, deferred premium on flow-through shares are classified as other financial liabilities.

Derivative instruments

Derivative instruments, including embedded derivatives, if any, are recorded at fair value on initial recognition and at each subsequent reporting year. Any gains or losses arising from changes in fair value on derivatives are recorded in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings).

Impairment of financial assets

Financial assets, other than those recorded at FVTPL, are assessed for indicators of impairment at each year end. A financial asset is considered impaired when there is objective evidence that the estimated future cash flows of the investments have been adversely impacted as a result of one or more events that occurred after the initial recognition. If an AFS asset is impaired, the change in fair value is transferred to the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) in the year, including cumulative gains or losses previously recognized in other comprehensive income or loss. Reversals of impairment in respect of equity instruments classified as AFS are not recognized in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) but included in other comprehensive income.

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

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

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through loss for the year are recognized immediately in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) for the year.

d) Cash and equivalents

Cash and equivalents include cash in bank and highly liquid investments which are cashable with an original term to maturity of 365 days or less.

e) Exploration and evaluation assets

Acquisition costs related to exploration properties are capitalized as exploration and evaluation assets at fair value at the time of purchase. The acquisition costs are written off when an exploration and evaluation asset is disposed of through sale or abandonment.

Exploration and evaluation expenditures incurred on exploration properties are expensed until such time that a future economic benefit is more likely to be realized than not by the establishment of ore resources. Exploration and evaluation expenditures incurred subsequent to the establishment of commercially viable and technically feasible gold resources on a property are to be capitalized as Property, Plant and Equipment. Exploration and evaluation assets are not depreciated until the properties are in commercial production.

f) Impairment of long-lived assets

The Company reviews its long-lived assets within its cash generating units, consisting primarily of exploration and evaluation assets, at each reporting year end, for any indicators of impairment whenever events or changes in circumstances indicate that such carrying value may not be recoverable.

To determine whether a long-lived mining asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings). Where it is not possible to estimate the recoverable amount of a specific non-financial asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statement of Loss

(Earnings) and Comprehensive Loss (Earnings). The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

g) Income taxes

Income taxes are recognized in Loss (Earnings), except where they relate to items recognized in other comprehensive income or directly in capital stock, in which case the related taxes are recognized in Comprehensive Loss (Earnings) or Capital Stock. Deferred income taxes are calculated using the balance sheet liability method for unused tax losses, unused tax credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates enacted or substantively enacted at the Statement of Financial Position date. The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Share capital

Common shares issued by the Company are classified as capital stock. Incremental costs directly attributable to the issue of new common shares, such as share issue costs, are recognized under capital stock as a deduction from the share proceeds.

i) Flow-through shares

Under Canadian income tax legislation, the Company may issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A temporary non-cash deferred flow through premium 'liability' is recognized on the Statement of Financial Position. The liability is reversed upon renunciation of such qualifying expenditures to the flow through investors and reported as a reduction in deferred tax expense on the Statement of Loss (Earnings) and Comprehensive Loss (Earnings).

j) Share based payments

Stock options

The fair value of stock options granted to directors, officers, and employees is measured at grant date using the Black-Scholes valuation model using assumptions for risk-free interest rates, dividend yield, volatility factors of the expected market price of the Company's common shares, expected forfeitures and expected life of the options. The fair value of these share based payments is recognized as a charge to the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) with a corresponding credit to shareholders' equity on the Statement of Financial Position.

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

Purchase warrants and broker compensation options

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

k) Other income recognition

The Company currently has no revenue from active mining operations. Royalty income is recognized in the year in which it is earned in accordance with the terms of the royalty agreement, with collection reasonably assured. Interest revenue is recognized in the year in which it is earned.

l) Other comprehensive loss (earnings)

Other comprehensive loss (earnings) is the change in net assets that results from transactions and events, not included in loss for the year and other than changes in the shareholders' equity. The Company's comprehensive loss (earnings), components of other comprehensive income, and cumulative translation adjustments on foreign currency gains or losses related to foreign operations, are presented in the Statement of Loss (Earnings) and Comprehensive Loss (Earnings) and the Statement of Changes in Shareholders' Equity.

m) Loss (earnings) per share

Basic loss (earnings) per share is computed by dividing net loss (earnings) available to common shareholders by the weighted average number of outstanding common shares for the year. In computing diluted loss (earnings) per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting years. In years where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

n) Provisions

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

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

4. Key sources of estimation uncertainty and judgement

In the application of the Company's accounting policies described in note 3, management is required to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year.

Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors considered relevant, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the areas involving estimates made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

a) Share based payments

Management measures the fair value of granted stock options using the Black-Scholes option valuation model. The fair value of stock options using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

b) Exploration and evaluation expenditures

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

c) Impairment of long-lived assets

The carrying amounts of exploration and evaluation assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on a property by property basis. The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, future capital requirements, resource estimates, and exploration potential. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets.

d) Decommissioning and restoration provision

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

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life, and records the accretion of the liability as a charge to the Statement of Loss (Earnings), Comprehensive Loss (Earnings).

As the Company has not commenced construction and development of any mining operations, it does not have any provisions for decommissioning or restoration costs.

e) Contingent liabilities

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5. Exploration and evaluation assets

Acquisition costs	**Six months ended June 30, 2018 $**	Year ended December 31, 2017 $
Balance, beginning of year	**1,981,285**	1,936,830
Acquisition costs	**39,196**	44,455
Balance, end of year	**2,020,481**	1,981,285

Acquisition costs	December 31, 2017 $	Additions $	June 30, 2018 $
Golden Highway Project	**1,691,782**	**5,120**	**1,696,902**
North Tisdale	**89,721**	**15,775**	**105,496**
Kayorum	**96,401**	**2,707**	**99,108**
Nighthawk Lake	**12,116**	**3,519**	**15,635**
Denton Thorneloe and other	**91,265**	**12,075**	**103,340**
	1,981,285	**39,196**	**2,020,481**

Acquisition costs	December 31, 2016 $	Additions $	June 30, 2017 $
Golden Highway Project	1,683,894	7,888	1,691,782
North Tisdale	73,189	16,532	89,721
Kayorum	87,157	9,244	96,401
Nighthawk Lake	10,135	1,981	12,116
Denton Thorneloe and other	82,455	8,810	91,265
	1,936,830	44,455	1,981,285

There were no property disposals and no indications of impairment of exploration and evaluation assets during the six months ended June 30, 2018. Capitalized acquisition costs were $2,020,481 at June 30, 2018 (December 31, 2017: $1,981,285). Exploration and evaluation expenditures for the six months ended June 30, 2018 of $2,009,851 (Q2 2017: $1,247,480) were charged to the Statement of Loss (Earnings) and Comprehensive Loss (Earnings).

6. 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.

Capital stock transactions

In May 2018, 3,200,000 purchase warrants, exercisable at $0.07, were exercised and 1,250,000 purchase warrants, exercisable at $0.08, were exercised, for aggregate gross proceeds of $324,000.

In June 2018, the Company completed a non-brokered private placement financing and issued 20,000,000 common shares on a flow-through basis at a price of $0.15 per share for gross proceeds of $3,000,000, net of issue costs of $180,000.

Stock options

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, employees, and consultants 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:

	Six months ended June 30, 2018		Year ended December 31, 2017	
	Average Exercise Price	**# Options**	Average Exercise Price	# Options
Outstanding, beginning of period	**$0.22**	**15,075,000**	$0.23	11,120,000
Transactions during the period:				
Granted [1]	-	-	0.19	4,325,000
Options exercised [2]	-	-	(0.06)	(100,000)
Expired [3]	**(0.25)**	**(100,000)**	(0.15)	(270,000)
Outstanding, end of period	**$0.22**	**14,975,000**	$0.22	15,075,000
Weighted average remaining contractual life (years)	**2.93**		3.43	
Exercisable, end of period	**$0.22**	**13,525,000**	$0.23	12,758,333

(1) In 2017, the Company granted 2,400,000 stock options to directors and officers at an average exercise price of $0.18. The estimated fair value of 2,000,000 stock options, with a three year term and two year vesting period, was $172,153 using the Black Scholes valuation model. The estimated fair value of 400,000 stock options, with a three year term and immediate vesting period, was $26,420. In Q3 2017, the Company granted 600,000 stock options to employees at an exercise price of $0.17. The estimated fair value, with a three year term and three year vesting period, was $37,526 and is to be recognized using the accelerated method and charged quarterly to share based compensation. In Q4 2017, the Company granted 1,325,000 stock options to directors at an average exercise price of $0.21. The estimated fair value, with a three year term and immediate vesting period, was $102,064. The weighted average grant date fair value for all options granted in 2017 was $0.06 - $0.08 per stock option. The underlying assumptions used in the estimation of the fair values are, as follows: risk free rate: 1.00%, term: 3 years, expected volatility: 59% - 61%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

(2) In 2017, 100,000 stock options were exercised by directors, officers and employees at an average exercise price of $0.06. The initial fair value of $2,393, previously charged to contributed surplus, was transferred to capital stock.

(3) During Q1 2018, 100,000 stock options at an exercise price of $0.25 expired unexercised. In 2017, a total of 270,000 stock options at an average exercise price of $0.15 expired unexercised.

Warrants

	Exercise Price	Expiry Date	**Six months ended June 30, 2018 #**	Year ended December 31, 2017 #
Outstanding, beginning of period:				
Purchase Warrants	$0.07	May 2018	**3,200,000**	3,200,000
Purchase Warrants	$0.08	May 2018	**1,250,000**	1,250,000
Purchase Warrants	$0.42	Sep 2018	**19,929,766**	19,929,766
			24,379,766	24,379,766
Exercised during the period:				
Purchase Warrants [1]	$0.07	May 2018	**(3,200,000)**	-
Purchase Warrants [1]	$0.08	May 2018	**(1,250,000)**	-
			(4,450,000)	-
Outstanding, end of period:				
Purchase Warrants	$0.07	May 2018	-	3,200,000
Purchase Warrants	$0.08	May 2018	-	1,250,000
Purchase Warrants	$0.42	Sep 2018	**19,929,766**	19,929,766
			19,929,766	24,379,766

(1) In May 2018, 3,200,000 purchase warrants, exercisable at $0.07, were exercised and 1,250,000 purchase warrants, exercisable at $0.08, were exercised, for aggregate gross proceeds of $324,000.

7. Income taxes

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rates for the six months ended June 30, 2018 (26.5%) and 2017 (26.5%), has been reconciled as follows:

	Six months ended June 30, 2018 $	Year ended December 31, 2017 $
Income tax recovery at statutory rates	410,586	1,693,255
Increase (decrease) related to:		
Flow-through expenditures	-	(1,528,664)
Shared based compensation	(6,008)	(73,033)
Other	11,955	24,441
	416,533	115,999
Valuation allowance	(416,533)	(115,999)
Add: Deferred premium on flow through shares	-	(1,635,462)
Deferred taxes (recovery)	-	(1,635,462)

The Company's deferred tax assets and liabilities are comprised of the following:

	Six months ended June 30, 2018 $	Year ended December 31, 2017 $
Deferred tax assets:		
Net operating loss carry forwards	2,020,000	1,903,000
Net capital loss carry forwards	527,000	527,000
Resource deductions	3,428,000	3,450,000
Other	127,000	166,000
	6,102,000	6,046,000
Less: Valuation allowance	(6,102,000)	(6,046,000)
	-	-

The Company has recorded a valuation allowance as the Company does not consider it more likely than not that the deferred tax assets will be realized in the foreseeable future.

The Company has non-capital losses of $7,621,000 (2017: $7,621,000) available for deduction against future taxable income, the balances of which will expire as follows:

Year of expiry	Six months ended June 30, 2018 $	Year ended December 31, 2017 $
2026	307,000	307,000
2027	317,000	317,000
2028	652,000	652,000
2029	618,000	618,000
2030	745,000	745,000
2031	940,000	940,000
2032	1,289,000	1,289,000
2033	759,000	759,000
2034	576,000	576,000
2035	453,000	453,000
2036	527,000	527,000
2037	438,000	438,000
	7,621,000	7,621,000

The potential tax benefit of the above losses has not been recognized in these financial statements. The Company has $3,974,113 (2017: $3,974,113) in capital losses available to apply against future capital gains.

8. Related party transactions

The Company paid a salary of $100,000 (Q2 2017: $8,333) to an officer and director for the six months ended June 30, 2018 for CEO and Chief Geologist services, formerly Co-CEO and Chief Geologist services, provided to the Company under an ongoing employment agreement. The Company paid a salary of $100,000 (Q2 2017: $100,000) to an officer and director for the six months ended June 30, 2018 for President and CFO, formerly President and Co-CEO, and other services provided to the Company under an ongoing employment agreement. During the quarter, a total of 3,250,000 purchase warrants were exercised for gross proceeds of $240,000 by Directors of the Company. There were no cash director fees during the period (Q2 2017: $NIL). There were no loans to directors or officers during the period (Q2 2017: $NIL). All related party transactions were completed in the normal course of business.

9. Contingent liabilities

Civil lawsuits
Two parties that own the surface rights and previously occupied and now condemned buildings, on the historic Moneta Mine site located on the Company's Kayorum project, initiated civil suits in the Ontario Superior Court of Justice in April 2005 against the Company, directors of the Company at that time, and other third parties. The suits are related to the 2004 subsidence of the main stope at the historic Moneta Mine.

On March 29, 2018, one of the two civil suits was dismissed, without costs, at the request of plaintiff's counsel.

The Company believes the one remaining claim has no merit and intends to defend it vigorously. Accordingly, no provision has been made in these financial statements.

10. 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 six months ended June 30, 2018. As at June 30, 2018, the Company had a net working capital balance of $2,974,850 (December 31, 2017: $2,054,581).

Cash and equivalents include cash in bank and short term investments in redeemable guaranteed investment certificates of $2,896,631 (December 31, 2017: $4,903,903) with interest rates ranging between 0.90% and 1.05% (December 31, 2017: 0.50% - 1.05%) and maturing within a twelve month timeframe.

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 exploration and evaluation assets 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.

11. 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 financial position 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, receivables, sales taxes recoverable, interest receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions. 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 exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

Credit risk

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

The Company's exposure to credit risk is concentrated in four specific areas: the credit risk on operating balances including sales taxes recoverable, royalty income and other receivables, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets. No provision against these credit risk areas has been recognized in these financial statements.

The aggregate gross credit risk exposure at June 30, 2018 was $3,076,612 (December 31, 2017: $5,438,924), and was comprised of $2,896,631 (December 31, 2017: $4,903,903) in cash and equivalents held with Canadian financial institutions with an "AA-" credit rating, $15,235 (December 31, 2017: $15,120) in receivables, $164,746 (December 31, 2017: $513,032) in sales taxes recoverable, and $Nil (December 31, 2017: $6,869) in interest receivable.

Market risk

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

Commodity price risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

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

MONETA PORCUPINE MINES INC.

Management Discussion and Analysis

For the six months ended June 30, 2018

This Management Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of operations of Moneta Porcupine Mines Inc. ("**Moneta**" or the "**Company**") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the six months ended June 30, 2018. This MD&A should be read in conjunction with the interim consolidated financial statements and notes thereto for the six months ended June 30, 2018. All amounts included in this MD&A are in Canadian Dollars.

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2017, except as noted below under changes in accounting policies. The interim consolidated financial statements should be read in conjunction with the 2017 annual consolidated financial statements and the notes thereto. The Company operates in one segment defined as the cash generating unit which is Canada. This MD&A has an effective date of August 13, 2018, the date this MD&A was reviewed by the Audit Committee and approved by the Board of Directors.

Additional information related to the Company is available in Moneta's Annual Information Form dated March 30, 2018 for the year ended December 31, 2017 ("**AIF**"). The AIF and other continuous disclosure documents, including the Company's press releases and quarterly reports are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and the Company's website at www.monetaporcupine.com.

The MD&A is presented in the following sections:

FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

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

OUTLOOK

The Company has completed the logging and sampling of the 39,330m drill program conducted on the Golden Highway Project during 2017/2018 targeting newly interpreted high-grade structures associated with the multiple splays of the Destor Porcupine Fault Zone which transect the property. All drill core has been sampled and dispatched to the assay laboratory with the assay results for 12 drill holes currently pending. The program was focused on the South West target where a series of higher grade shoots and stacked veins have been identified, modelled and confirmed through drilling. Similar geological targets have also been identified at the "55" Zone, Gap, Westaway, Halfway and Windjammer South target areas located along the same regional sheared Banded Iron Formation contact over a 4km strike length. The results of the current and previously completed drill programs, plus additional historical core sampling and new drilling, will be used to update the new geological model in preparation for a resource estimate update by year end. A drill program of 3,500m in 8 holes is planned to delineate the new mineralized shoots during Q3, 2018. The goal of the program is to be able to develop a new geological model with sufficient size and grade to warrant further drill testing, support additional updated resource estimates as well as development and financial studies.

CORPORATE OVERVIEW

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

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

Moneta has interests in 1,046 claim units each approximately 16 hectares in area (total area approximately 16,800 hectares) in the form of mining patents, leases and staked claims. Most of the Company's landholdings are not subject to any royalty or encumbrances other than minor royalties to third parties on a limited number of claims primarily outside the Golden Highway Project.

Moneta holds a 100% interest in 5 core gold projects and a 50% JV with Kirkland Lake Gold strategically located on or along the Destor Porcupine Fault Zone corridor ("Destor"), one of the key mineralized structures in the Abitibi Greenstone belt in Ontario, with excellent infrastructure including access roads, water, electricity, and mills. Most gold mineralization in the region is associated with the Destor, including significant resources and producing mines now operated by Porcupine Gold Mines (Goldcorp) and several others such as Tahoe Resources (formerly Lake Shore Gold), McEwen Mining (formerly Primero), and Kirkland Lake Gold (formerly St Andrew Goldfields). The Golden Highway Camp has experienced rapid advancement of gold resources by Moneta and others including Osisko Mining, reflecting the strong regional gold potential.

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

Moneta's land position for gold exploration is one of the largest in the Timmins Camp including a commanding position in the emerging Golden Highway Camp as well as an established position in the Porcupine Camp, with a significant resource containing 1.09 million ounces of gold in the indicated category and 3.20 million ounces of gold in the inferred category (P&E Mining: 43-101 report, October 2012) established in the Golden Highway Project area.

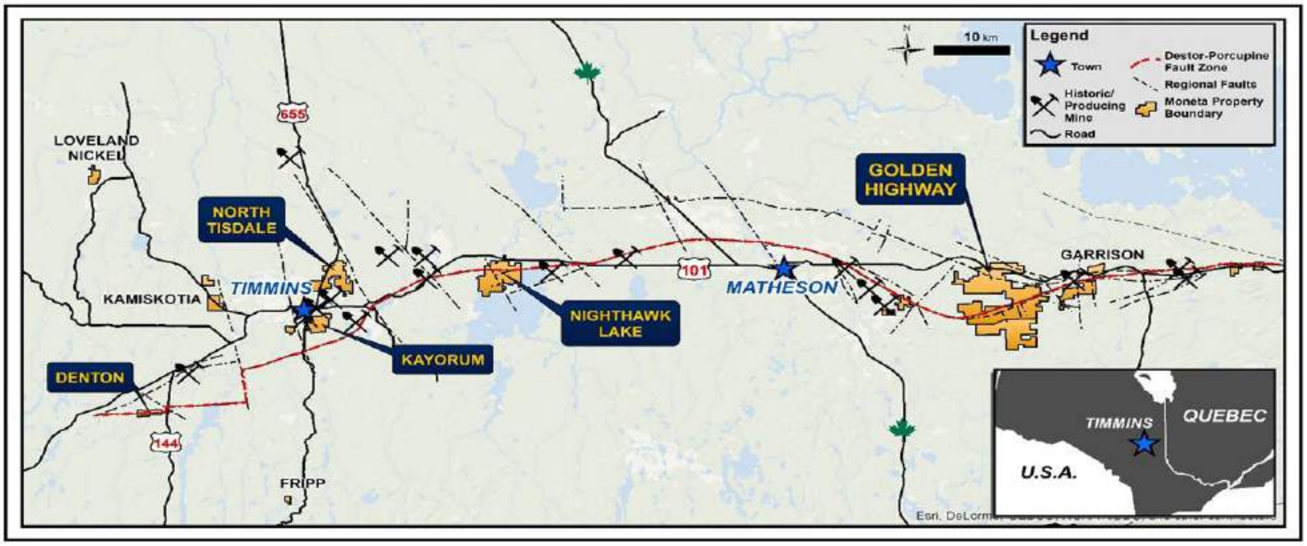

Figure I: Moneta's Key Gold Exploration Properties

Moneta's recent primary gold exploration and resource development focus has been the *Golden Highway Project* centred in Michaud Township 100 km east of Timmins, Ontario along Highway 101, a major all-season route. Moneta has a largely contiguous land package of 689 claim units or approximately 11,000 hectares with a NI 43-101 resource (October 2012) containing 1.09 million ounces of gold in the indicated category and 3.20 million ounces of gold in the inferred category.

The Golden Highway Project captures 12kms of the Destor Porcupine Fault Zone Corridor, one of the most prolific Archean gold-bearing structures in the world. The project currently hosts a NI 43-101 resource, spanning only 4km of the corridor and found primarily within sedimentary host rocks along a southern splay of the Destor. Resource growth potential exists along the remaining 8km of largely untested mafic volcanic rocks along the Destor in contact with ultramafic units, where limited historical drilling has already confirmed gold mineralization. The main unconformity which occurs as the mafic volcanic-sediment contact also remains largely untested. Moneta also has a 50% stake in the Garrison JV with Kirkland Lake Gold in the Golden Highway Camp.

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

OVERALL PERFORMANCE

GOLDEN HIGHWAY CAMP

Summary

During Q2, 2018 all drill core produced in the late 2017 and early 2018 drill program on the Golden Highway project was logged, sampled and has been dispatched to the assay laboratory. The results of 12 drill holes are pending from the South West and "55" areas. The program consisted of 66 holes for 39,329.50 m of diamond drilling. No new drilling was conducted during the reporting period.

The drill program was conducted from September 2017 through to the end of April 2018 on the Discovery, South West, Gap, "55", Windjammer North and LC target areas. The drill program was designed to verify and extend newly interpreted zones of higher grade gold mineralization which had been identified after a technical review of all drill targets was completed over the summer of 2017. The program was focussed on the South West target where 45 drill holes for 29,803.90 m were completed.

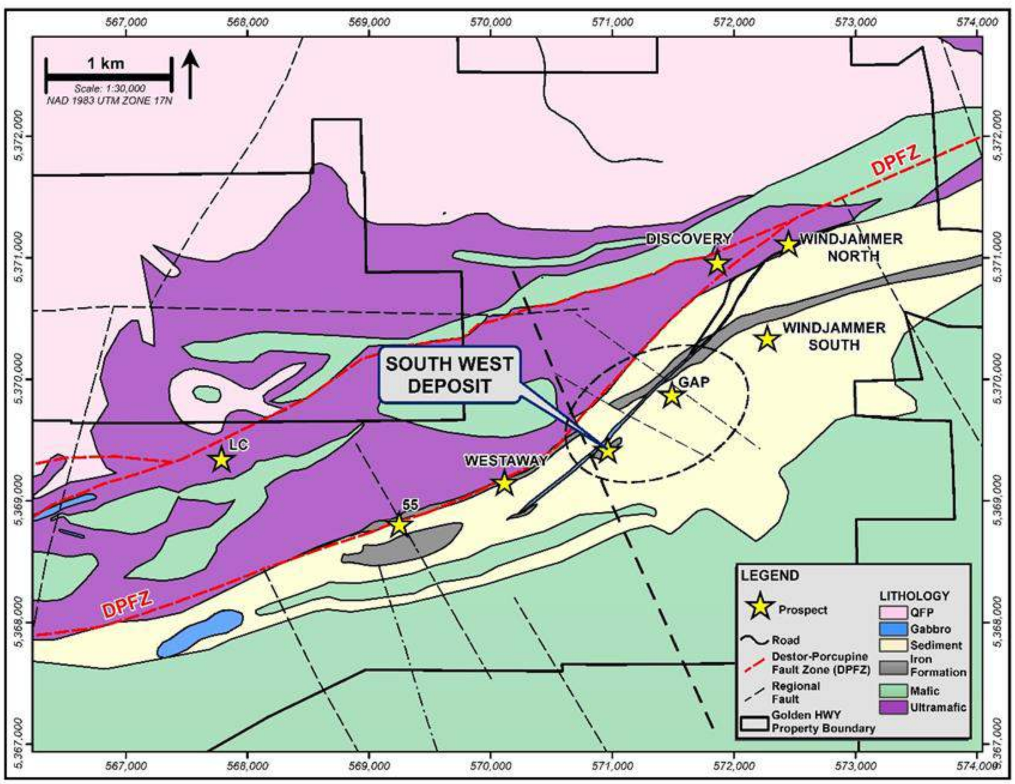

Figure 2: Golden Highway Project; Target Areas

South West Deposit

The results of 12,926.60 m of drilling in 21 drill holes from the 2017/2018 drill program were released from the South West Deposit area drill program during the quarter.

The South West deposit has been interpreted to contain a series of stacked veins and mineralized stockwork shoots. The vein arrays occur as stacked veins within Timiskaming age clastic units along the southern margins of an ENE trending shear zone which occurs along the Banded Iron Formation (BIF) contact. This contact hosts the mineralized shoots which plunge ~65° to the west and occur up to 50m long, 25m wide and have now been traced to depths of over 1,000m. A total of nine (9) mineralized shoots has now been successfully drill tested at South West. Drilling to date has also confirmed seventeen (17) NW trending veins which dip steeply to the south-west at ~70°. The veins have an average width of approximately 2.80 m where modelled and are spaced 25 m to 30 m apart. The veins can be traced for up to 400 m strike length, have been drilled to 1,200 m vertical depth and are open to the south and at depth.

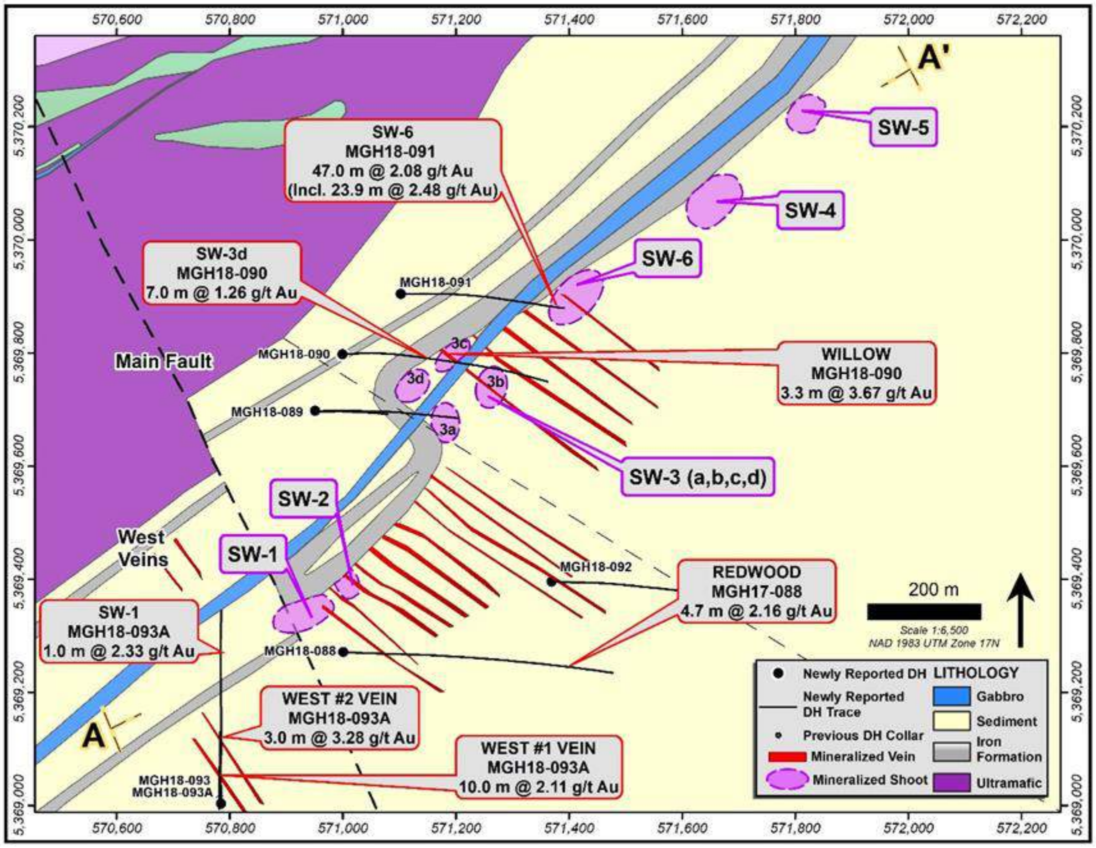

Figure 3: South West Deposit; Geology Interpretation Map

The stacked veins and stock-work style veining within the mineralized shoots at South West occur as structurally controlled corridors hosting quartz-chlorite-pyrite veins within a distinct ankerite alteration halo associated with sericite, silica and chlorite alteration. A zone of pyrite-chlorite and quartz veinlets occurs adjacent to the veins and hosts mineralization.

Assay results returned during the quarter from drilling were focussed on intersecting new veins and extending current known veins to depth, to connect with previously completed deep drilling notably for the Maple, Oak, Larch, Alder, Willow, Arbutus and Yew veins, as well as testing the southern strike extensions which were open. The drilling was also focused on testing new stockwork zones for additional mineralized shoots, confirm the new geological interpretation and expand the size of the recently discovered shoots. The program was successful in intersecting two (2) new vein corridors, notably the Redwood and Walnut veins, extending veins to depth as well as intersecting new shoots and expanding the size of the known shoots. Four new mineralized shoots were identified during the current program, SW-6 which occurs between the SW-3 shoots and SW-4 (Gap) as well as the SW-3b, SW-3c and SW-3d shoots which occur adjacent to SW-3a. The new Redwood vein occurs east of Spruce and Walnut occurs west of the Willow vein. The BIF unit is now thought to be folded between the central block and Gap areas providing additional target areas.

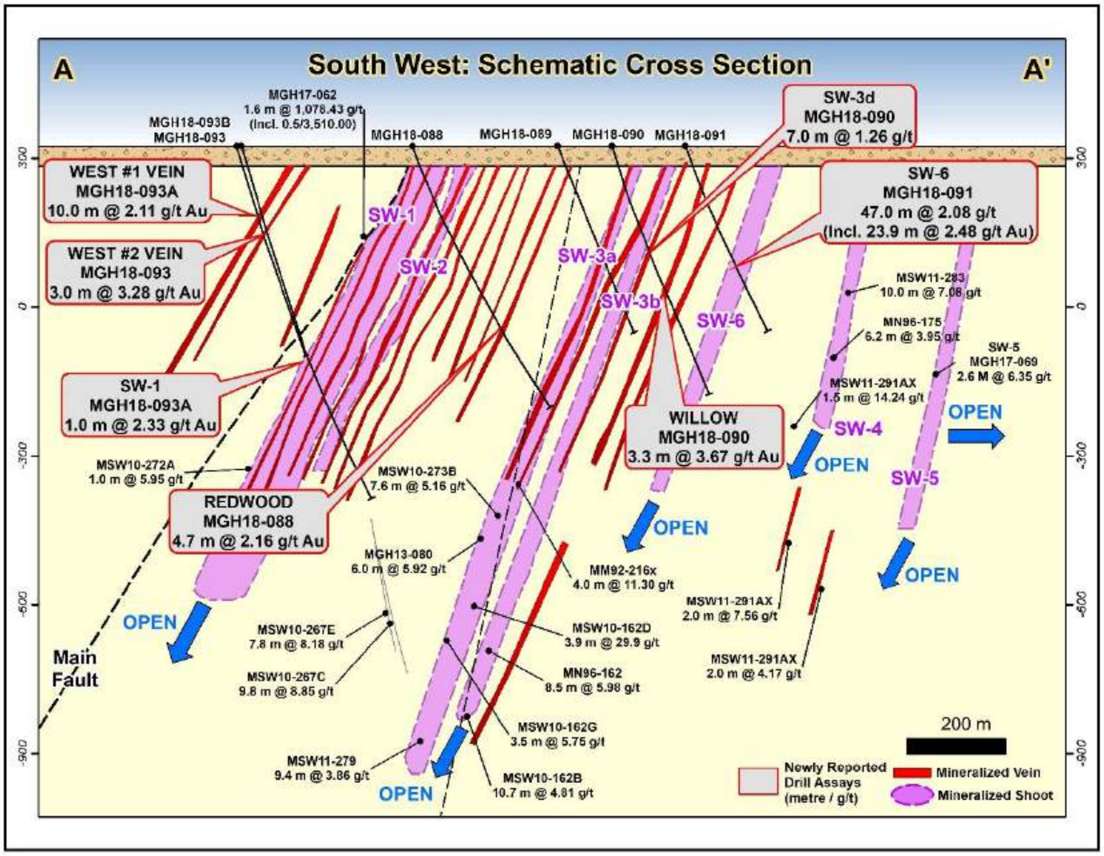

Figure 4: South West; Schematic Cross Section

Table 1: South West - Significant Drill Results, Q2 2018

Hole #	From (m)	To (m)	Length (m)	Au (g/t)	Vein Name
MGH17-074	420.00	421.00	1.00	4.38	New
MGH17-074	566.98	567.69	0.71	8.09	Walnut
MGH17-076	220.50	230.00	9.50	2.48	SW-1
includes	225.00	229.00	4.00	3.77	Balsam
includes	227.00	228.00	1.00	6.33	Balsam
MGH17-076	239.95	255.00	15.05	1.67*	SW-1
includes	249.80	251.05	1.25	3.65	SW-1
MGH17-076	267.80	268.82	1.02	4.48	Cedar
MGH17-076	372.60	373.30	0.70	30.20	Spruce
MGH17-076	429.00	432.30	3.30	7.60	Redwood
includes	429.00	430.76	2.40	10.06	Redwood
includes	430.07	430.76	0.69	15.00	Redwood

MGH17-076	456.00	456.60	0.60	10.55	Maple
MGH17-077	527.30	531.00	3.70	5.17	Spruce
includes	527.30	530.20	2.90	6.12	Spruce
MGH17-077	610.00	611.00	1.00	5.29	Maple
MGH17-079	71.65	72.81	1.16	6.10	Cedar
MGH17-079	414.75	416.05	1.30	16.21	Alder
includes	415.29	416.05	0.76	26.60	Alder
MGH17-080	379.48	380.50	1.02	3.03	Oak
MGH17-081	95.00	96.00	1.00	5.15	Elm
MGH17-081	175.00	183.00	8.00	2.43	Birch
includes	177.00	180.00	3.00	5.38	Birch
includes	177.00	178.00	1.00	8.28	Birch
MGH17-081	214.00	215.00	1.00	3.50	Balsam
MGH17-081	266.10	268.03	1.93	34.36	Cedar
includes	267.00	268.03	1.03	65.10	Cedar
MGH17-081	283.50	285.50	2.00	4.30	Cedar Splay
includes	284.50	285.50	1.00	6.80	Cedar Splay
MGH17-081	306.92	308.00	1.08	5.18	Pine
MGH17-083	697.50	707.62	10.12	2.80	Walnut
includes	697.50	700.50	3.00	5.73	Walnut
includes	699.00	699.75	0.75	9.17	Walnut
MGH18-084	447.50	462.50	15.00	1.76*	SW-1
includes	448.90	451.00	2.10	3.02	SW-1
MGH18-084	528.00	529.00	1.00	5.89	Cedar
MGH17-084	600.35	601.00	0.65	8.37	Pine
MGH18-084	625.00	627.50	2.50	3.62	Spruce
includes	625.00	626.00	1.00	6.59	Spruce
MGH18-085	446.00	448.90	2.90	2.60	Tamarack
includes	447.00	447.50	0.50	7.32	Tamarack
MGH18-085	811.50	812.30	0.80	3.96	Spruce
MGH18-087	99.00	101.00	2.00	2.79*	Elm
includes	100.00	101.00	1.00	3.70	Elm
MGH18-087	111.46	112.36	0.90	6.40	New
MGH18-087	195.00	196.25	1.25	5.27	Balsam
MGH18-087	309.82	310.62	0.80	8.90	Pine
includes	309.82	310.32	0.50	10.75	Pine
MGH18-087	322.91	323.21	0.30	15.55	New
MGH18-087	343.30	344.50	1.20	8.72	Spruce
MGH18-087	390.55	391.00	0.45	10.65	Maple

MGH18-088	510.00	514.70	4.70	2.16	Redwood
MGH18-090	286.00	289.30	3.30	3.67	Willow
includes	287.30	288.30	1.00	7.06	Willow
MGH18-091	381.00	428.00	47.00	2.08*	SW-6
includes	389.00	391.00	2.00	3.81	SW-6
and	403.13	427.00	23.87	2.48	SW-6
includes	409.00	427.00	18.00	2.74	SW-6
includes	413.14	415.00	1.86	5.66	SW-6
and	419.00	427.00	8.00	3.02	SW-6
includes	421.00	422.00	1.00	6.49	SW-6
MGH18-093A	151.75	177.00	25.25	1.33*	New West-1
includes	164.00	174.00	10.00	2.11	New West-1
and	170.85	174.00	3.15	3.24	New West-1
MGH18-093A	193.32	194.06	0.74	3.92	New
MGH18-093A	195.20	196.00	0.80	5.56	New
MGH18-093	172.04	173.00	0.96	4.08	New West-1
MGH18-093	251.00	254.00	3.00	3.28	New West-2
includes	251.00	252.12	1.15	7.03	New West-2

Intercepts are calculated using a 2.0 g/t Au cut-off, maximum of 2m internal waste and no top cap, unless noted (*).
All intercepts are reported as drill widths and estimated to be 65% to 100% of true widths.

Windjammer North Target

The Windjammer North area is located immediately south of, and parallel to the regional Destor-Porcupine Fault Zone ("DPFZ"), trending ENE (070°) and is hosted primarily within altered komatiitic ultramafic rocks of the Kidd-Munro assemblage in contact with mafic basaltic flows. The target consisted of four west plunging (~25°W) zones up to 50 m wide and up to 15 m thick, that can be traced for over 400 m in strike length. The third and fourth zones were tested and confirmed in this drill program. Two additional zones have also potentially been identified but not yet modelled. The zones show an aggregate thickness of close to 80 m.

Windjammer North consists of massive to brecciated ultramafic metavolcanics that have been altered to grey to green-grey fuchsite-carbonate assemblage in the western and central portion of the zone with more mafic metavolcanics to the east displaying albite bleaching and sericite alteration. Fracture-filling chlorite and specular hematite are common. Gold mineralization is associated with pyrite-rich white to light grey quartz veining and veinlets. The structural corridor has been intruded by variably altered felsic intrusive dykes.

Historical results from previous drilling of up to 8.10m @ 10.69g/t Au and 7.80m @ 7.86g/t Au have been returned from the Windjammer North target area. A total of 6 drill holes were completed at Windjammer North during the past year for 3,085.0 m and the results were released during the quarter. Drilling confirmed the occurrence of all four main zones and extended the zone both up-dip to the east and down-dip to the west extending the strike length to over 400m. Assays were retuned of up to 9.50 m @ 7.52 g/t Au including 2.82 m @ 19.46 g/t Au from Zone 3 and 3.00 m @ 3.60 g/t Au, including 1.00 m @ 7.56 g/t Au from Zone 1.

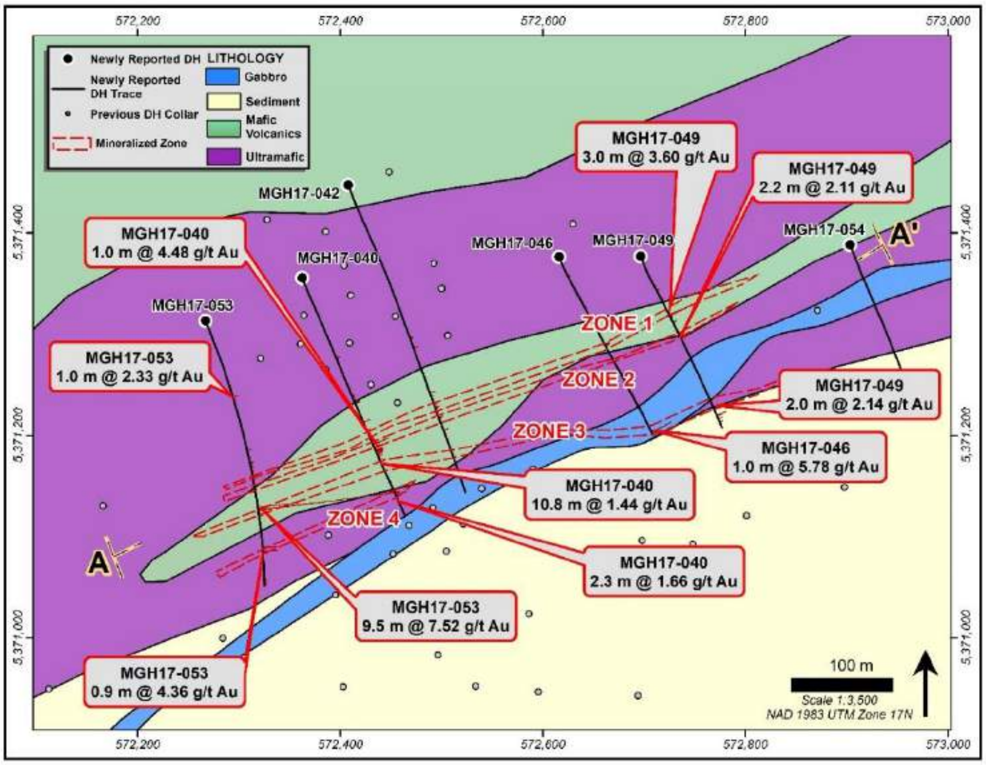

Figure 5: Windjammer North; Drill Location and Geological Interpretation Map

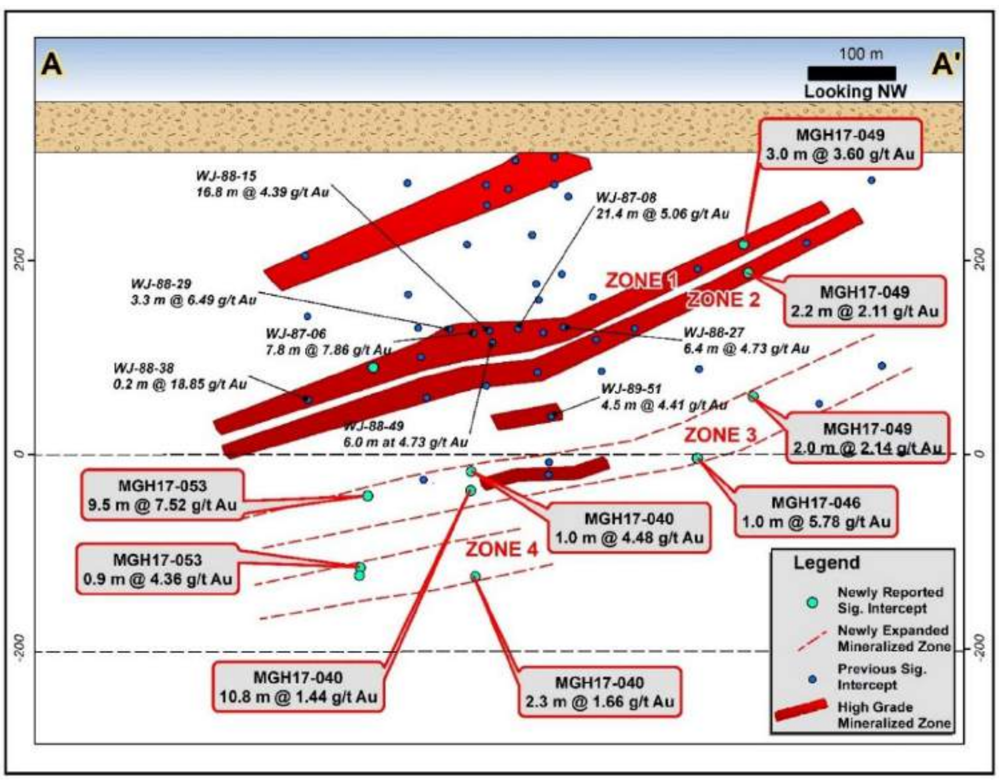

Figure 6: Windjammer North; Schematic Long Section

Table 2: Windjammer North - Significant Drill Results, Q2 2018

Hole	From	To	Length	Au	Zone
#	(m)	(m)	(m)	(g/t)	#
MGH17-040	451.07	452.11	1.04	4.48	3
MGH17-040	466.92	477.73	10.81	1.44*	3
MGH17-040	582.45	584.72	2.27	1.66*	4
MGH17-046	444.50	445.50	1.00	5.78	3
MGH17-049	143.50	146.50	3.00	3.60	1
includes	145.50	146.50	1.00	7.56	1
MGH17-049	198.66	200.87	2.21	2.11	2
MGH17-049	375.00	377.00	2.00	2.14	3
MGH17-053	462.30	471.80	9.50	7.52*	3
includes	462.30	463.27	0.97	10.90	3
and	467.30	470.12	2.82	19.46	3
includes	469.30	470.12	0.82	45.70	3
MGH17-053	561.40	562.20	0.80	4.92	4
MGH17-053	569.90	570.80	0.90	4.38	4

Intercepts are calculated using a 2.0 g/t Au cut-off unless noted (*), maximum of 2m internal waste and no top cap. All intercepts are reported as drill widths and thought to be close to 100% of true widths.

Other Drill Targets

The review of the Golden Highway targets for economic potential continued during the quarter with several additional drill targets being identified:

- “55” Target: A series of NW trending steeply dipping vein structures with mineralization have been identified at “55”. Up to 12 distinct mineralized vein structures and 2 zones of stockwork veining located on the BIF contact have been identified. The area is located within Timiskaming sediments located between 2 banded iron formation units and mineralization occurs within quartz-chlorite-pyrite veins and breccias within ankerite-silica-sericite alteration. Five holes were completed on the “55” target last year for 1,742.0m. Drill core assay results are pending.
- Westaway Target: Located between the 55 and SW targets on the southern edge of a banded iron formation within Timiskaming sediments with limited historical drilling returning intercepts of up to 1.50m @ 10.42g/t Au (MN-96-178) and 1.10m @ 11.16g/t Au (MN-96-178) hosted in quartz-carbonate-pyrite veining. No drilling was completed at Westaway during the last year.
- Halfway Target: A newly identified zone of stock work veining located on the BIF contact within clastic sediments occurs 500m east of the Windjammer South shoot target. Historical drilling intersected up to 3.25 m @ 8.87 g/t Au in hole MWJ-11-043.
- Gap Target: Located to the east of the SW zone, a series of NW striking and SW steeply dipping quartz vein zones with associated quartz feldspar porphyry dykes intruded into Timiskaming sediments occurs south of the main banded iron formation returned intercepts of up to 9.00m @ 7.50g/t Au in hole MSW11-283. The Gap veins have now been interpreted to occur as up-dip extensions of the deep South West drilled veins. The results and drilling are now included with the South West results summarized above.

- Windjammer South: A roughly ENE striking and SW steeply dipping structural zone measuring some 125m long and up to 75 m wide has been interpreted on the clastic sediment-BIF contact hosting a series of high grade quartz-carbonate-pyrite veins and stock work veining. The zone is similar to the mineralized shoots seen at South West. This tends to confirm that more mineralized structures are present along this contact. The Windjammer South target was not drilled during the quarter.

Interpretation and modelling of mineralization with the new drill information is continuing.

Golden Highway Resource Update
The previous resource estimate completed in October 2012 excludes some 50,000 metres of primarily in-fill drilling completed during 2013 and 2014. The planned new resource update will also include 58,000 metres completed during 2017 and 2018. The majority of this drilling occurs in the South West, Gap and Windjammer South and Windjammer Central areas.

The new drilling not included in the 2012 resource estimate also includes step-out drilling and drill testing of new zones in the Windjammer North, Discovery, Twin Creeks and the more distal LC Zones. These zones primarily occur within the mafic volcanic and ultramafic units along the Destor Porcupine Fault Zone to the north.

The current resource is primarily established within the Timiskaming sediment package to the south, located in unconformable contact with the mafic volcanic package, occurring within a structurally controlled basin associated with quartz felspar and syenite intrusive dykes of the same age.

With the completion of the current 39,330 m drill program testing for higher grade targets and structures within the Golden Highway Project area, a program comprised of some 3,500 m of drilling in 8 holes to confirm the size and location of the SW-3d, SW-4, SW-5 and SW-6 mineralized stockwork zones will be undertaken. Sampling of vein intercepts in historical core not yet sampled will also be conducted and the Company will update the geological modelling of the high-grade structures in preparation for an updated NI 43-101 resource estimate in late 2018 after incorporating the 2017/2018 drill program results as well as the previous 50,000 metre program. The resource update will be focussed on the South West, Gap and “55” areas.

PORCUPINE AND NIGHTHAWK LAKE CAMPS

During the quarter no additional work was conducted on the North Tisdale, Kayorum or Nighthawk Lake gold projects (see Figure 1).

FINANCIAL REVIEW

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

This section discusses significant changes in the Consolidated Statement of Financial Position as at June 30, 2018 and Statements of Changes in Shareholders' Equity, Loss (Earnings) Comprehensive Loss (Earnings) and Deficit, and Cash Flows for the six months ended June 30, 2018.

SUMMARY OF QUARTERLY RESULTS

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

Highlights	**2018**		2017				2016	
($ except per share data)	**Jun 30**	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	**-**	**-**	-	-	-	-	-	-
Loss (earnings) and comprehensive loss (earnings)	**1,549,381**	**680,500**	4,078,849	512,098	448,931	(285,698)	2,388,490	323,487
Loss (earnings) per share	**$0.00**	**$0.00**	$0.00	$0.00	$0.00	$0.00	$0.01	$0.00

SIGNIFICANT EVENTS DURING Q2 2018

In May 2018, 3,200,000 purchase warrants, exercisable at $0.07, were exercised and 1,250,000 purchase warrants, exercisable at $0.08, were exercised, for aggregate gross proceeds of $324,000.

In June 2018, the Company completed a non-brokered private placement financing and issued 20,000,000 common shares on a flow-through basis at a price of $0.15 per share for gross proceeds of $3,000,000, net of issue costs of $180,000.

Exploration and evaluation efforts continued on the South West deposit as outlined under Results of Operations.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the six months ended June 30, 2018 and the corresponding notes thereto. All references to "Q2 2018" or "Q2 2017" relate to the six month periods ended June 30 of those years unless stated otherwise. All references to "YTD 2018" or "YTD 2017" relate to the six month periods ended June 30 of those years unless stated otherwise. Moneta has not generated any material operating revenues as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported a loss and comprehensive loss of $1,549,381 in Q2 2018 (YTD 2018: $2,229,881) as compared to earnings of $448,931 in Q2 2017 (YTD 2017: $163,233). The variation primarily relates to a $433,899 decline in period over period exploration and evaluation expenditures and the $1,635,462 reported in deferred tax recovery in Q2 2017 upon the renunciation of flow-through expenditures, in the normal course.

Exploration and evaluation expenditures were $1,425,721 in Q2 2018 (YTD 2018: $2,009,851) in Q2 2018 and relate to exploration activities including drilling, modeling, and target generation efforts on the *Golden Highway* project, as compared to $328,472 in Q2 2017 (YTD 2017: $1,575,952). Further details are presented in the following table:

	Three months				Six months			
For the periods ended June 30,	**2018**		2017		**2018**		2017	
	$		$		$		$	
Drilling and Geophysics	**708,606**	**50%**	57,029	17%	**754,384**	**38%**	1,137,117	72%
Lab assay costs	**256,534**	**18%**	48,341	15%	**407,814**	**20%**	83,831	5%
Wages, benefits and contract labour	**407,505**	**29%**	176,483	54%	**760,991**	**38%**	295,675	19%
Other	**53,076**	**4%**	46,619	14%	**86,662**	**4%**	59,329	4%
Exploration and evaluation expenditures	**1,425,721**	**100%**	328,472	100%	**2,009,851**	**100%**	1,575,952	100%

Share based compensation charges, related to options vested during the period, were $22,673 in Q2 2018 (YTD 2018: $45,346) as compared to $55,969 in Q2 2017 (YTD 2017: $64,659). Wages and benefits were $52,350 in Q2 2018 (YTD 2018: $105,612) unchanged from $51,273 in Q2 2017 (YTD 2017: $104,520). General & administration expenses increased period over period at $49,576 in Q2 2018 (YTD 2018: $81,425) as compared to $8,554 in Q2 2017 (YTD 2017: $48,739). Legal and audit expenses were $15,995 in Q2 2018 (YTD 2018: $31,495), down period over period from $21,058 in Q2 2017 (YTD 2017: $53,097).

Other income was $15,555 in Q2 2018 (YTD 2018: $33,353) as compared to $10,489 in Q2 2017 (YTD 2017: $24,042) representing royalty income from a perlite operation. Interest income was $1,379 in Q2 2018 (YTD 2018: $10,495) as compared to $5,906 in Q2 2017 (YTD 2017: $24,230), representing interest earned on lower cash balances period over period.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the Consolidated Statements of Financial Position and Statements of Changes in Shareholders' Equity as at June 30, 2018 and the corresponding notes thereto.

Consolidated assets

Consolidated assets were $5,119,639 at June 30, 2018 as compared to $7,440,170 as at December 31, 2017. Cash and equivalents were $2,896,631 at June 30, 2018 as compared to $4,903,903 at December 31, 2017. Receivables, primarily comprised of royalty income receivable, were $15,235 at June 30, 2018 as compared to $15,120 as at December 31, 2017. Sales taxes recoverable were $164,746 at June 30, 2018 as compared to $513,032 at December 31, 2017. Interest receivable on high interest bank accounts and short term investments was $Nil at June 30, 2018 as compared to $6,869 as at December 31, 2017.

Exploration and evaluation assets were $2,020,481 at June 30, 2018 as compared to $1,981,285, at December 31, 2017, representing the capitalization of project acquisition costs. Exploration and evaluation expenditures are expensed to the Statement of Loss and Comprehensive Loss.

Consolidated liabilities

Consolidated liabilities were $124,308 at June 30, 2018 as compared to $3,404,304 at December 31, 2017. The non-cash deferred premium on flow-through shares 'liability' of $1,635,462 was transferred in 2017 from the statement of consolidated financial position to a deferred tax credit on the consolidated statement of loss (earnings), comprehensive loss (earnings) and deficit upon the renunciation of flow-through expenditures, in the normal course, in Q2 2017.

Shareholders' equity

Shareholders' equity was $4,995,331 at June 30, 2018 as compared to $4,035,866 at December 31, 2017. The increase is primarily due to equity financing of $3,000,000 net of $180,000 in issue costs completed in June 2018, offset by the loss and comprehensive loss of $2,229,881 for the six months ended June 30, 2018.

In May 2018, 3,200,000 purchase warrants, exercisable at $0.07, were exercised and 1,250,000 purchase warrants, exercisable at $0.08, were exercised, for aggregate gross proceeds of $324,000.

In June 2018, the Company completed a non-brokered private placement financing and issued 20,000,000 common shares on a flow-through basis at a price of $0.15 per share for gross proceeds of $3,000,000, net of issue costs of $180,000.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Consolidated Statements of Financial Position as at June 30, 2018 and the corresponding notes thereto.

The consolidated working capital ratio at June 30, 2018 improved to 24.9 : 1 as compared to 1.6 : 1 at December 31, 2017 as a result of the private placement financing of $3,000,000 during the period, and the exercise of purchase warrants for aggregate gross proceeds of $324,000. At June 30, 2018, the Company held cash and equivalents of $2,896,631 (December 31, 2017: $4,903,903), receivables of $15,235 (December 31, 2017: $15,120), sales taxes recoverable of $164,746 (December 31, 2017: $513,032), and short term interest receivable of $Nil (December 31, 2017: $6,869).

Current liabilities at June 30, 2018 are comprised of accounts payable and accrued liabilities of $124,308 (December 31, 2017: $3,404,304), reflect a significant decline in drilling over the Q4 2017 reporting period, and relate to expenses incurred during the quarter and payable in the normal course.

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the six months ended June 30, 2018.

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company paid a salary of $100,000 (Q2 2017: $8,333) to an officer and director for the six months ended June 30, 2018 for CEO and Chief Geologist services, formerly Co-CEO and Chief Geologist services, provided to the Company under an ongoing employment agreement. The Company paid a salary of $100,000 (Q2 2017: $100,000) to an officer and director for the six months ended June 30, 2018 for President and CFO, formerly President and Co-CEO, and other services provided to the Company under an ongoing employment agreement. During the quarter a total of 3,250,000 purchase warrants were exercised for gross proceeds of $240,000 by Directors of the Company. There were no cash director fees during the period (Q2 2017: $NIL). There were no loans to directors or officers during the period (Q2 2017: $NIL). All related party transactions were completed in the normal course of business.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The CEO and CFO evaluated the design and operating effectiveness of the Company's DC&P and ICFR as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* issued by the Canadian Securities Administrators. Based on that evaluation, it was concluded that as of June 30, 2018, the Company's DC&P and ICFR were effective in providing reasonable assurance that material information regarding this report, and the interim consolidated financial statements and other disclosures, was made known to them on a timely basis and reported as required, and that the financial statements present fairly, in all material aspects, the financial condition, results of operations and cash flows of the Company as of June 30, 2018. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR as at June 30, 2018.

CRITICAL ACCOUNTING ESTIMATES

Moneta's significant accounting policies are summarized in note 3 to the consolidated financial statements for the six months ended June 30, 2018. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value of exploration and evaluation assets, the valuation of share-based compensation transactions, the valuation of purchase warrants issued on financings, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

The following are the areas involving estimates made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements.

Share based payments

Management measures the fair value of granted stock options using the Black-Scholes option valuation model. The fair value of stock options using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

Exploration and evaluation expenditures

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

Impairment of long-lived assets

The carrying amounts of exploration and evaluation assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on a property by property basis. The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, future capital requirements, resource estimates, and exploration potential. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the exploration and evaluation assets.

Decommissioning and restoration provision

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

The estimated fair value of a liability, and corresponding increase in the related property, is reported in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost to expense using a systematic and rational method over its useful life, and records the accretion of the liability as a charge to the Statement of Loss (Earnings), Comprehensive Loss (Earnings).

As the Company has not commenced construction and development of any mining operations, it does not have any provisions for decommissioning or restoration costs.

Contingent Liabilities

Contingent liabilities are not recognized in the financial statements unless estimable and probable and are disclosed in notes to the financial statements unless their occurrence is remote. By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

CHANGES IN ACCOUNTING POLICIES

The Consolidated Financial Statements for the six months ended June 30, 2018 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board. There were no changes in accounting policies during the year.

There are no Recent Accounting Pronouncements under review at this time.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Fair value

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

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

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

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 exploration and evaluation asset portfolio remains unchanged.

The Company's exploration and development activities expose it to the following financial risks:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is concentrated in three specific areas: the credit risk on operating balances including sales taxes recoverable, royalty income and other receivables, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at June 30, 2018 was $3,076,612 (December 31, 2017: $5,438,924), and was comprised of $2,896,631 (December 31, 2017: $4,903,903) in cash and equivalents held with Canadian financial institutions with an "AA-" credit rating, $15,235 (December 31, 2017: $15,120) in receivables, $164,746 (December 31, 2017: $513,032) in sales taxes recoverable, and $Nil (December 31, 2017: $6,869) in interest receivable.

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

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

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

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

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

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

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

CONTINGENT LIABILITIES

Civil lawsuits

Two parties that own the surface rights and previously occupied and now condemned buildings, on the historic Moneta Mine site located on the Company's Kayorum project, initiated civil suits in the Ontario Superior Court of Justice in April 2005 against the Company, directors of the Company at that time, and other third parties. The suits are related to the 2004 subsidence of the main stope at the historic Moneta Mine.

On March 29, 2018, one of the two civil suits was dismissed, without costs, at the request of plaintiff's counsel.

The Company believes the one remaining claim has no merit and intends to defend it vigorously. Accordingly, no provision has been made in these financial statements.

OUTSTANDING SHARE DATA

As at June 30, 2018, the Company had a total of 263,497,148 (December 31, 2017: 239,047,148) common shares outstanding, 14,975,000 (December 31, 2017: 15,075,000) stock options outstanding at an average exercise price of $0.22 per share (December 31, 2017: $0.22), and 19,929,766 (December 31, 2017: 24,379,766) warrants outstanding at an average exercise price of $0.42. Additional details are available in note 6 to the interim consolidated financial statements for the six months ended June 30, 2018.