MONETA PORCUPINE MINES INC.

Consolidated Financial Statements

For the year ended December 31, 2013

The accompanying financial statements of Moneta Porcupine Mines Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the audited annual consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the audited annual consolidated financial statements together with other financial information. An Audit Committee, whose members are not officers of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the audited annual consolidated financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) Ian C. Peres

Ian C. Peres, CA
President & CEO

(signed) Richard A Boulay

Richard A. Boulay
Chief Financial Officer

March 27, 2014

S & W LLP
Chartered Professional Accountants

91 Skyway Avenue, Suite 105
Toronto, Ontario M9W 6R5
Tel: (416) 979-7444 Fax: (416) 979-8432
email: info@swcpas.ca
www.swcpas.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Moneta Porcupine Mines Inc.:

We have audited the accompanying consolidated financial statements of Moneta Porcupine Mines Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of loss, comprehensive loss and deficit, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Moneta Porcupine Mines Inc. as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which discloses conditions that indicate the existence of a material uncertainty that may cast significant doubt about Moneta Porcupine Mines Inc.'s ability to continue as a going concern.

S+W LLP

March 27, 2014 S & W LLP
Toronto, Canada Chartered Professional Accountants, Licensed Public Accountants

MONETA PORCUPINE MINES INC.

Consolidated Statements of Financial Position

As at December 31,	Notes	2013	2012
		$	$
Current assets			
Cash and equivalents		**3,361,056**	9,082,092
Prepaid expenses		**18,484**	18,001
Sales taxes recoverable		**222,960**	165,914
Interest receivable		**30,151**	-
Investments		**465**	1,396
Total current assets		**3,633,116**	9,267,403
Exploration and evaluation assets	3	**1,743,537**	1,683,430
		5,376,653	10,950,833
Current liabilities			
Accounts payable and accrued liabilities		**916,966**	610,664
Deferred premium on flow-through shares	4, 5	**-**	1,385,287
Total current liabilities		**916,966**	1,995,951
Going concern	1		
Contingent liabilities	7		
Subsequent events	10		
Shareholders' equity			
Capital stock	4	**44,192,549**	44,128,613
Contributed surplus		**3,486,274**	3,455,231
Deficit		**(43,219,136)**	(38,628,962)
Total shareholders' equity		**4,459,687**	8,954,882
		5,376,653	10,950,833

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

Approved on behalf of the Board of Directors:

(signed) Ian C. Peres — Ian C. Peres, Director

(signed) Alex D. Henry — Alex D. Henry, Director

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, 2012		**193,472,382**	**44,128,613**	**3,455,231**	**-**	**(38,628,962)**	**8,954,882**
Share issuance on exercise of stock options	**4**	**170,000**	**39,100**				**39,100**
Fair value of stock options exercised	**4**		**24,836**	**(24,836)**			**-**
Share based compensation on vested options				**55,879**			**55,879**
Earnings (loss) and comprehensive earnings (loss)						**(4,590,174)**	**(4,590,174)**
Balance as at December 31, 2013		**193,642,382**	**44,192,549**	**3,486,274**	**-**	**(43,219,136)**	**4,459,687**
Balance as at December 31, 2011		**157,752,419**	**35,423,340**	**3,094,400**	**-**	**(36,383,926)**	**2,133,814**
Share issuance on private placement financing	**4**	**35,699,963**	**11,067,277**				**11,067,277**
Deferred premium on flow through shares	**4, 5**		**(1,385,287)**				**(1,385,287)**
Share issuance costs - cash	**4**		**(847,436)**				**(847,436)**
Share issuance costs - fair value of broker compensation options	**4**		**(137,298)**	**137,298**			**-**
Share issuance on exercise of warrants	**4**	**20,000**	**7,000**				**7,000**
Fair value of warrants exercised	**4**		**1,017**	**(1,017)**			**-**
Share based compensation on vested options				**224,550**			**224,550**
Earnings (loss) and comprehensive earnings (loss)						**(2,245,036)**	**(2,245,036)**
Balance as at December 31, 2012		**193,472,382**	**44,128,613**	**3,455,231**	**-**	**(38,628,962)**	**8,954,882**

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit

For the years ended December 31,	**Notes**	**2013 $**	2012 $
Expenses			
Exploration and evaluation expenditures	**3, 6**	**5,466,441**	3,067,024
Share based compensation	**4, 6**	**55,879**	224,550
Management fees, wages and tax benefits	**6**	**265,340**	420,112
General & administration	**6**	**177,993**	177,843
Legal & audit		**105,925**	81,680
Travel and promotion		**23,260**	26,270
		6,094,838	3,997,479
Other items			
Other income		**(38,353)**	(137,532)
Unrealized (gain) loss on investments held for trading		**931**	465
Interest income		**(81,955)**	(15,376)
Loss before income taxes		**5,975,461**	3,845,036
Deferred taxes	**4, 5**	**(1,385,287)**	(1,600,000)
Loss (earnings) and comprehensive loss (earnings)		**4,590,174**	2,245,036
Deficit - beginning of year		**38,628,962**	36,383,926
Deficit - end of year		**43,219,136**	38,628,962
Loss (earnings) per share (basic and diluted)		**$0.02**	$0.01
Weighted average outstanding shares		**193,615,834**	166,115,377

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

MONETA PORCUPINE MINES INC.

Consolidated Statements of Cash Flows

For the years ended December 31	Notes	2013 $	2012 $
Operating activities			
(Loss) earnings and comprehensive (loss) earnings		**(4,590,174)**	(2,245,036)
Add : non-cash items			
Unrealized (gain) loss on investments		**931**	465
Deferred premium on flow-through shares	**4**	**-**	(1,385,287)
Shared based compensation		**55,879**	224,550
Net change in non-cash working capital balances		**(1,166,665)**	173,583
Cash provided from (used in) operating activities		**(5,700,029)**	(3,231,725)
Investing activities			
Evaluation and exploration assets	**3**	**(60,107)**	(33,162)
Cash provided from (used in) investing activities		**(60,107)**	(33,162)
Financing activities			
Common shares issued on exercise of stock options, warrants		**39,100**	7,000
Common shares issued on private placement, net of issue costs	**4**	**-**	10,219,841
Cash provided from (used in) financing activities		**39,100**	10,226,841
Net increase (decrease) in cash and equivalents		**(5,721,036)**	6,961,954
Cash and equivalents, beginning of year		**9,082,092**	2,120,138
Cash and equivalents, end of year		**3,361,056**	9,082,092

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 audited 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 December 31, 2013. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and 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. Significant accounting policies

Basis of presentation and statement of compliance

These audited consolidated financial statements were prepared in accordance with IFRS, as issued by the International Accounting Standards Board and applicable to the preparation of consolidated financial statements. The Company operates in one segment defined as the cash generating unit (“CGU”) which is Canada. These financial statements were reviewed by the Audit Committee and approved by the Board of Directors on March 27, 2014.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and the assets, liabilities, revenues and expenses of its wholly-owned subsidiaries: Wounded Bull Resources Inc. and 508825 Ontario Ltd. The subsidiaries are largely inactive with limited operations.

Presentation and functional currency

The Company’s presentation currency and functional currency is the Canadian Dollar.

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 Consolidated 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.

Related party transactions

Related party transactions conducted in the normal course of operations are measured at the exchange value. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, to similar transactions to non-related entities on an arm's length basis.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement.

Financial assets are initially measured at fair value and classified into one of the following specified categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS") and loans and receivables. HTM instruments and loans and receivables are measured at amortized cost. AFS instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Consolidated Statement of Loss (Earnings) and Comprehensive Loss (Earnings) for the period.

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 Consolidated Statement of Loss (Earnings) and Comprehensive Loss (Earnings) for the period. Other financial liabilities, including borrowings, are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

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 period are recognized immediately in the Consolidated Statement of Loss (Earnings) and Comprehensive Loss (Earnings) for the period.

Financial assets and financial liabilities are offset and reported on the Statement of Financial Position only if there is an enforceable legal right to offset the recognized amounts, and an intention to realize the asset and settle the liability simultaneously.

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) is based on quoted market prices at the date of the Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Financial instruments recognized in the statement of financial position include cash and equivalents, sales taxes recoverable, interest receivable, investments held for trading, and accounts payable and accrued liabilities. The respective accounting policies are described below.

Cash and equivalents

Cash and equivalents include money market instruments and short-term investments with maturities of 90 days or less held with Canadian financial institutions with a "AA" credit rating. Cash and equivalents are classified as held-for-trading and measured at fair value.

Investments

Investments held for trading are recorded at fair value with the difference between fair value and cost being recorded as unrealized gain or loss in value of investments on the statement of loss (earnings) and comprehensive loss (earnings) and deficit. In the case of securities listed on stock exchanges, the fair value means the latest bid price. Investments available for sale are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. Investments for which reliable quotations are not readily available are valued at their fair value using a valuation model and market inputs.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are initially recognized at fair value and classified as other financial liabilities measured at amortized cost.

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 capitalized as an exploration and evaluation asset. Exploration and evaluation assets are not depreciated until the properties are in commercial production.

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 period 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 Consolidated Statements 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 Consolidated Statements 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.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the flow-through subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a temporary non-cash liability on the Consolidated Statements of Financial Position. The subsequent renunciation of such qualifying expenditures incurred by the Company in favor of the flow-through subscribers is reported as a reduction in the 'deferred premium on flow-through shares' liability on the Consolidated Statements of Financial Position and a corresponding reduction in deferred tax expense on the Consolidated Statements of Loss (Earnings) and Comprehensive Loss (Earnings).

Income taxes

Income taxes are calculated using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry.

Deferred tax assets and liabilities are presented as a non-current item and measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the period in which the change is enacted or substantively enacted.

Other income recognition

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

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 period 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 Consolidated Statement of Loss (Earnings) and Comprehensive Loss (Earnings) and the Consolidated Statements of Changes in Shareholders' Equity.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. In periods where the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore, basic and diluted earnings (loss) per share are the same.

Recent accounting pronouncements

The Company is currently evaluating the impact on its consolidated financial statements of recent accounting pronouncements, as follows:

IFRS 9 Financial Instruments

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

Significant judgements, estimates and assumptions

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

Provisions

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

Exploration and evaluation expenditures

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

Decommissioning and restoration provision

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

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

Share based compensation transactions

Stock options

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

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

Share-based payments to non-employees

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

Purchase warrants and broker compensation options

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

Contingencies

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

3. Exploration and evaluation assets

For the years ended December 31	**2013** **$**	2012 $
Acquisition costs		
Balance, beginning of period	**1,683,430**	1,650,268
Acquisition costs	**60,107**	33,162
Balance, end of year	**1,743,537**	1,683,430

Acquisition costs	**Opening January 1, 2013**	**Additions**	**Closing December 31, 2013**
Golden Highway Project	1,642,959	11,255	**1,654,214**
North Tisdale	7,764	20,017	**27,781**
Kayorum	15,936	5,867	**21,803**
Nighthawk Lake	5,411	1,991	**7,402**
Denton Thorneloe and other	11,360	20,977	**32,337**
	1,683,430	60,107	**1,743,537**

There were no property disposals and no indications of impairment of exploration and evaluation assets during the year ended December 31, 2013. Exploration and evaluation expenditures for the year ended December 31, 2013 of $5,466,441 (2012 – $3,067,024) were charged to the Consolidated Statements of Loss (Earnings) and Comprehensive Loss (Earnings).

4. Capital stock

Authorized share capital

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

Capital stock transactions during the year

There were no equity financings completed in 2013. In December 2012, the Company completed a brokered private placement financing and issued 15,392,077 flow-through common shares at $0.35 for gross proceeds of $5,387,227 and 10,307,885 common shares at $0.26 per share for gross proceeds of $2,680,050, for aggregate gross proceeds of $8,067,277. The $5,387,227 in structured flow through gross proceeds was reported as a $4,001,990 increase in capital stock, offset by a $1,385,287 increase in a temporary non-cash 'deferred premium on flow-through shares' liability, reflecting the premium received on the structured flow-through financing. In March 2012, the Company completed a brokered private placement financing and issued 10,000,000 common shares at $0.30 per share for gross proceeds of $3,000,000.

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:

For the years ended December 31,	2013		2012	
	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price	No. of Options
Outstanding, beginning of year	$0.24	6,734,083	$0.25	4,499,083
Transactions during the year:				
Granted [1]	0.12	650,000	0.24	2,635,000
Options exercised [2]	0.23	(170,000)	-	-
Expired [3]	0.24	(694,083)	0.29	(400,000)
Outstanding, end of year	$0.23	6,520,000	$0.24	6,734,083
Exercisable, end of year	$0.24	5,013,733	$0.24	5,654,911

(1) During the year ended December 31, 2013, the Company granted 650,000 stock options at an average exercise price of $0.12 to directors, officers, or consultants. The estimated fair value of these options, subject to a three year term, and vesting over a period of up to three years beginning in 2014 was $13,807 using a Black Scholes model and will be charged to share based compensation beginning in 2014. During the year ended December 31, 2012, the Company granted 2,635,000 stock options at an average exercise price of $0.24 to directors, officers, or consultants. The estimated fair value of these options, subject to immediate vesting or vesting over a period of up to three years, and a three year term, was $224,550 using a Black Scholes model and was charged as share based compensation.

(2) During the year directors, officers and employees exercised 170,000 stock options at an average exercise price of $0.23 for total gross proceeds of $39,100. The fair value of $24,836 related to the exercised stock options and previously charged to contributed surplus was transferred to share capital.

(3) During fiscal 2013, a total of 694,083 (2012:400,000) stock options at an average exercise price of 0.24$ (2012: $0.29) expired unexercised.

Warrants and Compensation Options

For the years ended December 31,	Exercise Price	Expiry Date	2013 #	2012 #
Outstanding, beginning of year:				
Broker compensation options	$0.30	March 2014	**700,000**	-
Broker compensation options	$0.28	June 2014	**1,079,998**	-
Purchase warrants	$0.35	April 2012	**-**	7,500,000
			1,779,998	7,500,000
Issued during the year:				
Broker compensation options [1]	$0.30	March 2014	**-**	700,000
Broker compensation options [1]	$0.28	June 2014	**-**	1,079,998
			-	1,779,998
Exercised during the year:				
Purchase warrants [2]	$0.35	April 2012	**-**	(20,000)
Expired during the year:				
Purchase warrants [3]	$0.35	April 2012	**-**	(7,480,000)
			-	(7,480,000)
			1,779,998	1,779,998
Outstanding, end of year:				
Broker compensation options	$0.30	March 2014	**700,000**	700,000
Broker compensation options	$0.28	June 2014	**1,079,998**	1,079,998
			1,779,998	1,779,998

(1) In December 2012, upon completion of the $8,067,277 private placement financing, broker compensation options were issued entitling Underwriters to purchase up to 1,079,998 common shares of the Company at a price of $0.28 per common share until June 2014. In March 2012, upon completion of the $3,000,000 private placement financing, broker compensation options were issued entitling Underwriters to purchase up to 700,000 common shares of the Company at a price of $0.30 per common share until March, 2014.

(2) In March 2012, the Company issued 20,000 common shares on the exercise of purchase warrants at an exercise price of $0.35 for total gross proceeds of $7,000. The fair value of $1,017 related to the exercised warrants and previously charged to contributed surplus was transferred to share capital.

(3) In April 2012, a total of 7,480,000 warrants expired unexercised.

5. Income taxes

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rates for the year ended December 31, 2013 and 2012, has been reconciled as follows:

For the years ended December 31	2013 $	2012 $
Income tax recovery at statutory rates	**1,583,497**	999,709
Increase (decrease) related to:		
Exploration and evaluation expenditures	**(1,448,607)**	(797,426)
Stock-based compensation	**(14,808)**	(58,383)
Unrealized (gain) loss on investments held for trading	**(247)**	(121)
Other	**74,004**	72,672
	193,839	216,451
Valuation allowance	**(193,839)**	(216,451)
Add: Deferred premium on flow through shares [1]	**(1,385,287)**	(1,600,000)
Deferred taxes (recovery)	**(1,385,287)**	(1,600,000)

(1) In March 2013, the Company renounced, in the normal course, $5,387,227 (March 2012 - $5,600,000) of flow through expenditures to flow-through subscribers. As a result, the non-cash 'deferred premium on

flow-through shares' liability of $1,385,287 (2012 - $1,600,000) was reversed from the statement of financial position to a deferred tax recovery credit on the consolidated statements of loss (earnings) and comprehensive loss (earnings).

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

For the years ended December 31	2013	2012
	$	$
Deferred tax assets:		
Net operating loss carry forwards	1,458,000	1,251,000
Net capital loss carry forwards	527,000	527,000
Resource deductions	2,740,000	2,667,000
Other	211,000	282,000
	4,936,000	4,727,000
Less: Valuation allowance	(4,936,000)	(4,727,000)
	-	-

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 $5,500,000 (2012 - $4,768,000) available for deduction against future taxable income, the balances of which will expire as follows:

For the years ended December 31	2013	2012
	$	$
2014	325,000	325,000
2015	241,000	241,000
2026	307,000	307,000
2027	317,000	317,000
2028	652,000	652,000
2029	618,000	618,000
2030	694,000	694,000
2031	671,000	671,000
2032	943,000	943,000
2032	732,000	-
	5,500,000	4,768,000

The potential tax benefit of the above losses has not been recognized in these consolidated financial statements. The Company has approximately $3,974,113 (2012 – $3,974,113) in capital losses available to apply against future capital gains.

6. Related party transactions

The Company reported a salary of $12,000 (2012 – $12,000) to an officer and director for the year ended December 31, 2013, for services provided to the Company. An amount of $6,000 was payable at the end of the year. The Company paid salary and prior year incentive compensation of $200,000 (2012 - $245,000) to a second officer and director for the year ended December 31, 2013 for services provided to the Company under an ongoing employment agreement. The Company reported a salary and incentive compensation of $18,750 (2012 – $NIL) charged to exploration and evaluation expenditures, and issued 500,000 incentive stock options, with vesting beginning in 2014, and a related non-cash share based compensation charge of $10,620, for an officer for the year ended December 31, 2013 for services provided to the Company under an ongoing employment agreement. The Company reported consulting fees of $45,059 (2012 – $91,800), charged to exploration and evaluation expenditures, for the year ended December 31, 2013. Directors' fees of $32,750 (2012 – $31,534) were expensed during the year ended December 31, 2013, with $8,000 payable at the end of the year. On March 6, 2014, the Company issued to directors 170,000 stock options at an exercise price of $0.19 and subject to a three year term and 300,000 stock options at an exercise price of $0.12 and subject to a three year term.

All related party transactions were completed in the normal course of business at the exchange amounts. There were no loans to Directors or Officers during the year (2012: $NIL).

7. Contingent liabilities

Order to file closure plan on Moneta Mine

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

The Ministry of Northern Development and Mines ("**MNDM**") has provided comments on the closure plan filed in November 2011, an amended closure plan filed by the Company in 2012, and a written proposal by the Company to resolve the minor outstanding issues.

The Company met with a new MNDM compliance team in July and October 2013 and certain issues were favorably resolved. The MNDM agreed to come back to the Company on how to resolve the remaining minor issues. No provision has been made in the consolidated financial statements given ongoing discussions with the MNDM to close this matter.

Civil lawsuits

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

8. Capital Management

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the year ended December 31, 2013.

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.

9. Financial instruments and risk management

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

Fair value

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

The aggregate gross credit risk exposure at December 31, 2013 was $3,614,167 (December 31, 2012 - $9,248,006), and was comprised of $222,960 (December 31, 2012 - $165,914) in harmonized sales taxes recoverable, $30,151 (December 31, 2012 - $ NIL) in short term interest receivable, and $3,361,056 (December 31, 2012 - $9,082,092) in cash and equivalents held with Canadian financial institutions with a "AA" credit rating.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as 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.

Sensitivity analysis

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

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

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

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

10. Subsequent Events

On March 6, 2014, the Company issued to directors 170,000 stock options at an exercise price of $0.19 and subject to a three year term and 300,000 stock options at an exercise price of $0.12 and subject to a three year term.

On March 27, 2014, 700,000 broker compensation options, attached to the March 2012 equity financing and exercisable at $0.30, expired unexercised.

MONETA PORCUPINE MINES INC.

Management Discussion and Analysis

For the year ended December 31, 2013

MONETA PORCUPINE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2013

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 year ended December 31, 2013. This MD&A should be read in conjunction with the annual consolidated financial statements and notes thereto for the year ended December 31, 2013. All amounts included in this MD&A are in Canadian Dollars.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has an effective date of March 27, 2014, the date this MD&A was reviewed by the Audit Committee and approved by the Board of Directors.

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

Exploration efforts continue into 2014 with an adequate treasury for a planned minimum of 10,000 metres of drilling.

The volcanics on our *Golden Highway* project, which has seen limited drilling since the 1980s, is a high priority target for 2014. The recent discovery in Hole 77 (2.02g/t over 114.5m near surface - press release February 28, 2014), within 100 metres of the modelled NI 43-101 resource pit shell, confirms significant potential of these under-explored volcanics of the Destor Porcupine Fault Zone which trend as a 12km by 1.5km belt across our *Golden Highway*.

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

CORPORATE OVERVIEW

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

The Company's Annual Meeting was held in May 2013. Shareholders approved all voting items including the standard resolutions for the election of directors, the appointment of the financial auditor, and the special resolutions for the proposed name change of the Company to Windjammer Gold Inc., approval of the amendments to the stock option plan, and approval of By-Law No. 2, which effectively increases the quorum requirements at meetings and adds advance notice provisions for the nomination of directors by shareholders. The name change to Windjammer Gold Inc. was expected to be completed within sixty to ninety days however the Board of Directors has elected to not move forward with the name change at this time.

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

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

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

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

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

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

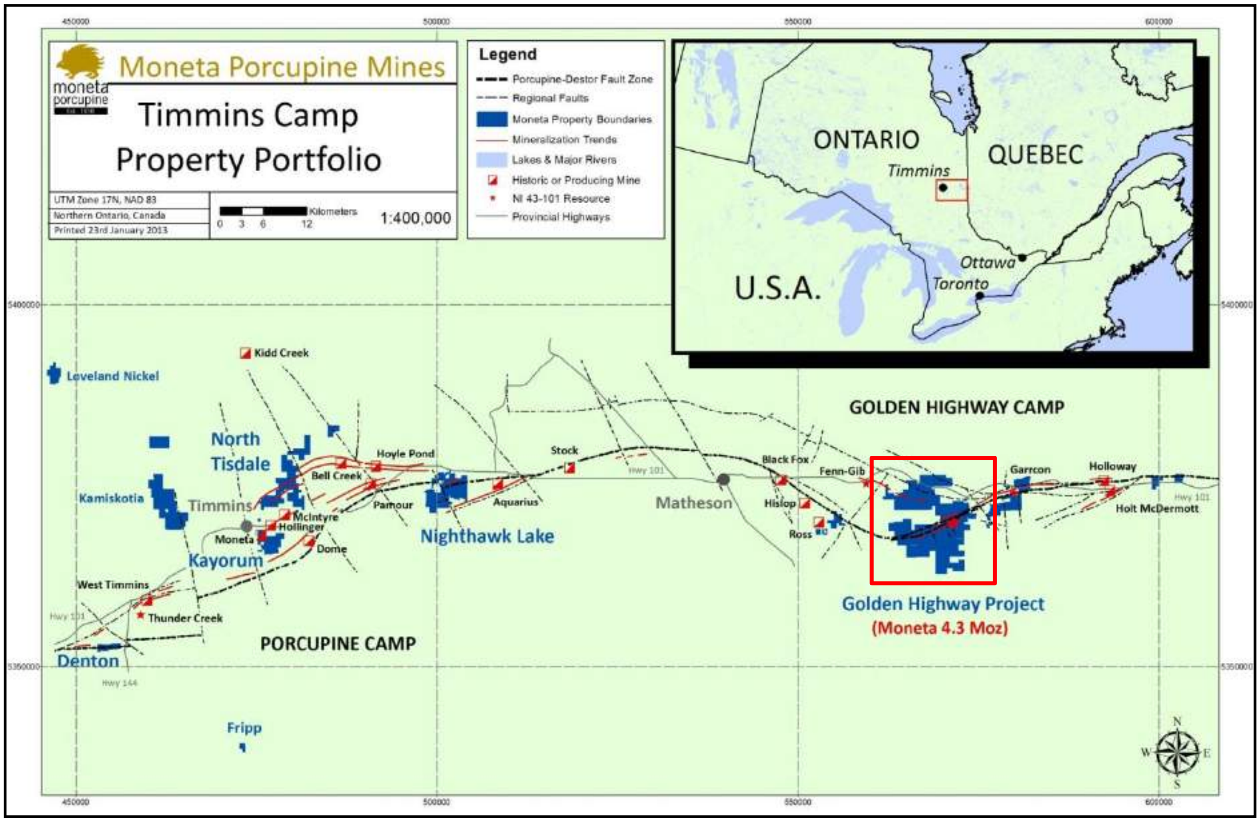

Figure I: Moneta's Key Gold Exploration Properties

RESULTS OF OPERATIONS

Golden Highway Project

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

Moneta has renamed the previous Windjammer South, Windjammer Central, Windjammer North and Gap Zones, collectively as the *Windjammer Zone* – with *south, central, north* and *west areas* respectively (see Figure II).

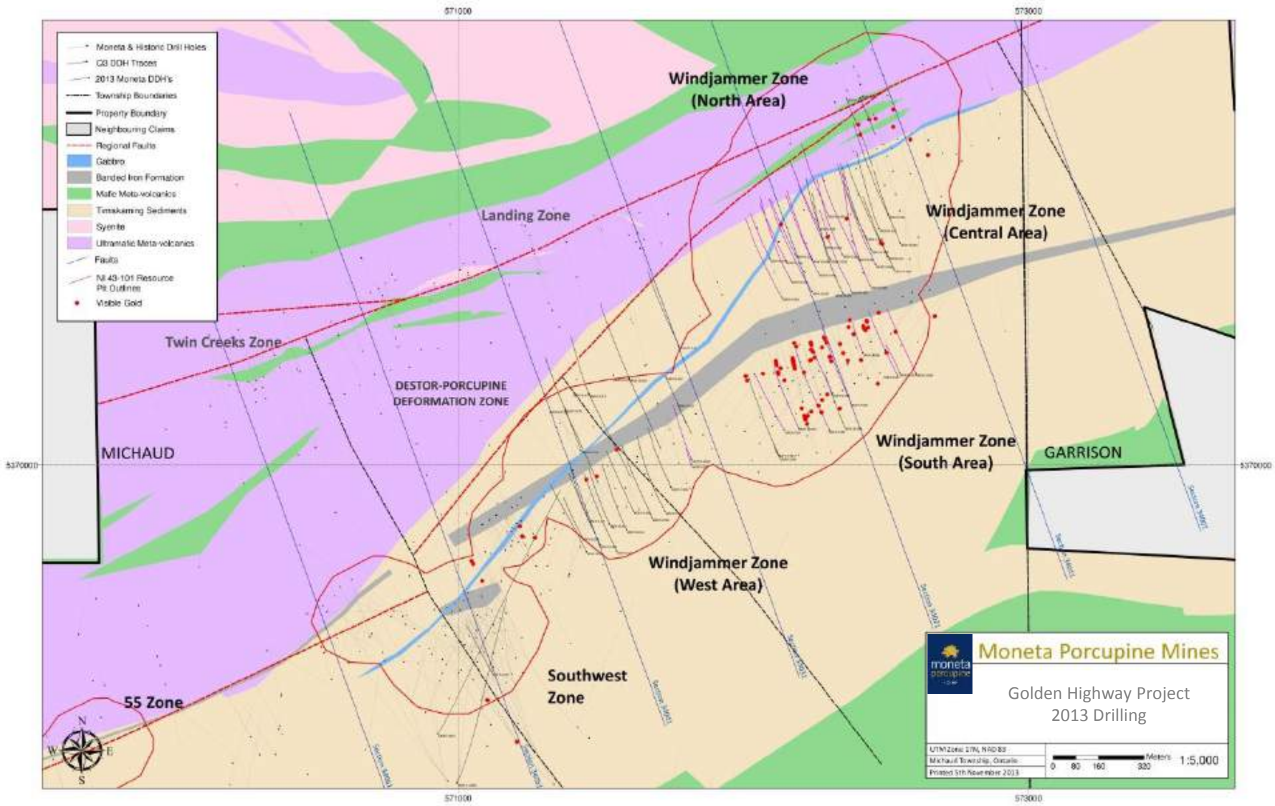

Figure II – Moneta's Golden Highway Project: Geology and Main Gold Zone Locations

2013 EXPLORATION ACTIVITY

Golden Highway Project

Exploration in 2013 was focused on the *Golden Highway* with the systematic drill program designed to expand and better define the "in- and out-of-pit" NI 43-101 Resource Estimate. Exploration objectives included:

- improve the higher grade NI 43-101 ounces from drill-*Inferred* to drill-*Measured and Indicated;*
- advance *Windjammer Central* to the west and establish better linkage to *Windjammer South*;
- advance *Windjammer West* and better define its linkage to both the *Southwest Zone* and *Windjammer South*;
- re-interpret the potential for higher grade at depth below the *Windjammer* conceptual open pit areas, a setting similar to that of the *Southwest Zone;*
- advance *Southwest Zone*: This is the prime strategic area for high grade mineralization and a better understanding of the structural controls is imperative for both the upper open-pit mineralization as well as the wide higher grade mineralization confirmed at depth.

The Company completed 87 holes over the course of the year, equivalent to 37,144 metres of drilling. The principal drilling focus in Q4 was directed towards completion of the infill drilling programme located within the *Windjammer South* and *Central* areas included of the NI 43-101 'in-pit' resources (Figure II).

The following table summarizes the drilling in 2013 on the Golden Highway:

Period	Metres drilled	Holes drilled
Q1	6,331	14
Q2	7,552	18
Q3	10,480	24
Q4	12,781	31
Total	**37,144**	**87**

The 50 metre drilling density within the areas of previous 100 metre drill spacing in *Windjammer* confirmed similar grade and widths, with locally improved grade and broader widths. The results support improved statistical confidence and management anticipates an upgrade of the in-pit resources at Windjammer into the 'Indicated' ounce category from 'Inferred' ounces included in the October 2012 NI 43-101 resource estimate.

The infill drilling conducted in 2013 has further defined, and confirmed, that the 2.8 kilometre (gold) mineralization corridor running between *Southwest Zone* and *Windjammer Zone* has an average width of 150 metres. Alteration is commonly banded parallel to the bedding, along the veins and fractures, and is generally associated with the coarser grained sediment. Weak to moderate sericite alteration is commonly found in the finer grained, thin beds, micro fractures, and as vein halos.

Observations indicate that the *Windjammer* gold mineralization is dependent on the intensity of quartz veining and silicification with moderate-strong ankerite alteration preferentially associated with the emplacement of 1-2 cm quartz stringers and veinlets. Elevated levels of disseminated pyrite (above the 1% background) are commonly observed with the quartz-carbonate event/phase. Specular hematite may be found within quartz-chlorite veining. Epidote, chlorite, and carbonate alteration are mainly associated with localized mafic intrusions and brittle zones.

The drilling completed in *Windjammer* in 2013 included 100% continuous sampling and confirmed that gold distribution is pervasive throughout the *Windjammer* corridor, with grades typically varying between 0.5 and 1.5 g/t. Localized, higher grade zones occur throughout the deposit when an increase in the: 1) silica/ankerite alteration, 2) vein volume, and 3) sulphide content, occurs. Intercepts clearly show that the mineralization extends to depth below the planned pit which extends to a maximum floor of 350m.

Strategic drilling in 2013 has also successfully extended *Windjammer,* including westerly towards the *Southwest Zone*.

Q4 drilling also focused on the *Southwest Zone* to refine the understanding of the structural controls for both the upper open pit mineralization and the wide higher grade mineralization confirmed at depth.

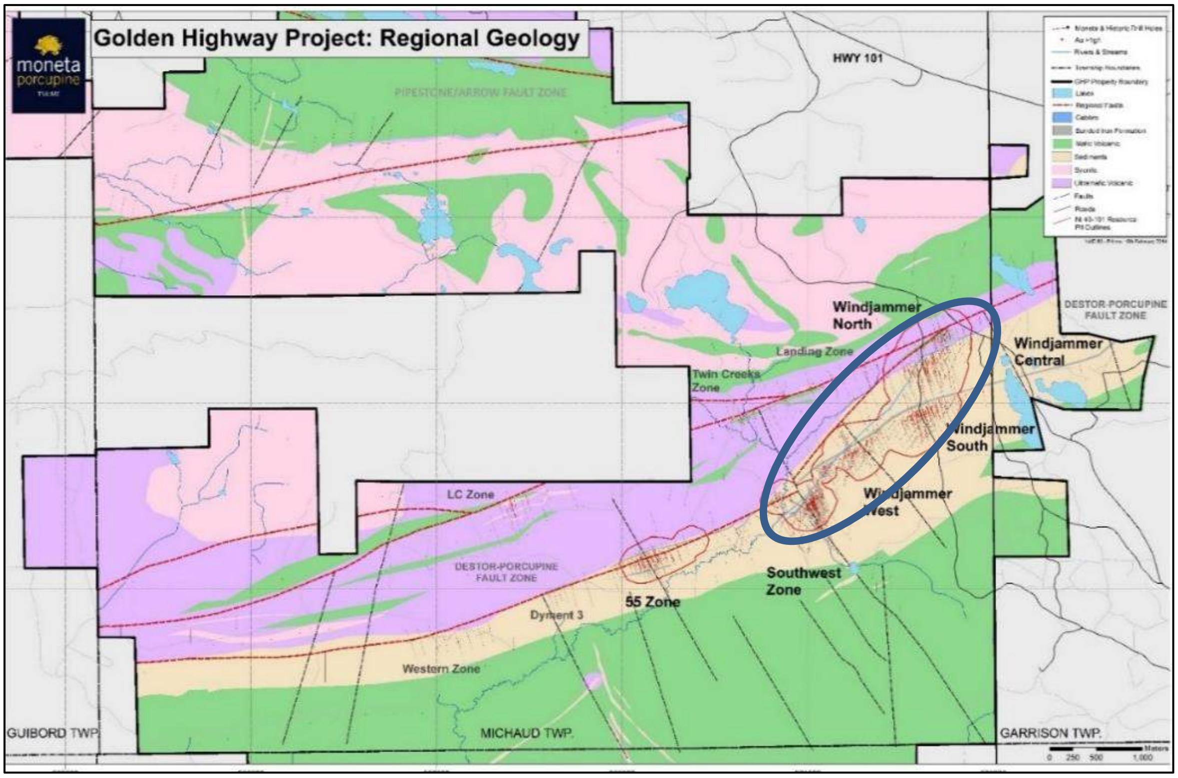

Figure III – Golden Highway: Q4 drilling (blue perimeter)

Interpretation and (in-house) mineralization modelling and interpretation continues on both *Southwest Zone* and *Windjammer*. Management continues to re-interpret the potential for higher grade at depth below the *Windjammer* conceptual open pit areas (-350m Level), a setting similar to that of the *Southwest Zone*.

Q4 2013 exploration results

Windjammer Zone

Windjammer (***North***, ***Central***, ***South*** **and** ***West*** areas) is located within a broad, structurally-prepared series 070° striking sequence of Timiskaming Formation clastic sediments (predominantly greywacke), bounded to the north by banded iron formation in structural contact with the Kidd-Munro volcanic assemblage.

North Area

Five holes (including a 51m hole stopped due to difficult ground conditions) were drilled on the northwestern flank of the pit shell in the *North Area*, and predominantly intersected the series of intercalated volcanic flows sitting immediately north of the Timiskaming sediments. Well-developed deformation, associated with the south branch of the Destor Porcupine Fault Zone, is evident throughout. Localized alteration and pyrite mineralization encountered in MGH13-66 produced four intervals exceeding 1 g/t, the best being 3.11 g/t Au over 5.5 metres. Results are pending and are expected to be reported in the interim Q1 2014 MD&A.

Central Area

Nine new holes were drilled into the *Central Area* during Q4. Logging confirmed that the mineralization is more broadly spread in the altered greywacke than the *South Area*, and forms parallel zones with shallow southerly dips. The best grades are localized against the Destor where it forms a mineralized zone approximately 150 metres in true width, similar to that of the *South Area,* with average grade of 0.9 g/t Au. The mineralization extends for more than 750 metres along strike within this *Central Area*.

Two exploration holes tested the sediments lying approximately 400 metres east of the *Central Area* resource shell*,* in the Halfway Lake area of the claim group. Core from the inter-bedded greywacke and argillite tended to be mildly altered and (pyrite) mineralized with anomalous gold values.

South Area

During Q4, eight holes were drilled in the *South Area*. Here, the mineralization is contained within the strongly altered greywacke along the banded iron formation. True width averages 100m with grades averaging and 1.1 g/t extending for more than 1 kilometer along strike. It is characterized by intense quartz veining within a highly silicified with moderate to strong ankerite altered greywacke. Higher grade material is often concentrated closer to the BIF, although a secondary mineralized zone was outlined further into the hanging wall ("**HW**"). Management is re-interpreting this potential for higher grade opportunities below the conceptual open pit areas - a setting similar to that of the *Southwest Zone.*

Photograph I: Windjammer South gold mineralization:
Pyrite and minor VG carried by a 1cm quartz-ankerite stringer
intruding a zone of strong hematite-silica alteration.

West Area

The *West Area* is located between the *Southwest Zone* and *South Area,* and hosted in the sediments that form the immediate hanging wall of the south banded iron formation. The zone covers over 500 metres of the iron formation's strike and includes gold mineralization along a north-westerly trending and steep southwesterly dipping cross structure.

One hole (MGH13-068) was drilled into the *West Area*, located between the *Southwest Zone* and *South Area.* Here the alteration was hosted in the sediments that form the immediate hanging wall of the south banded iron formation. The zone covers over 500 metres of the iron formation's strike and includes mineralization along a north-westerly trending and steep southwesterly dipping cross structure.

Southwest Zone

A total of four holes were drilled in Q4 in the *Southwest Zone* to refine our understanding of the controls on mineralization within a 300 metre vertical gap between the upper zone mineralization (bulk, open pit) and the extensive quartz veining, higher grade mineralization (bulk underground scenario) indicated at depth. Results are pending and are expected to be reported in the interim Q1 2014 MD&A.

Highlights of drill results, received in Q4 2013, follow:

Drill hole	Section	From (m)	To (m)	Core Length (m)	Au (g/t)	Target Zone
MGH13-050	34021	167.00	170.00	3.00	0.88	Windjammer
		217.00	221.00	4.00	4.75	central area
		231.00	234.00	3.00	1.17	
		313.60	421.75	108.15	0.61	
incl.		372.00	389.00	17.00	0.86	
and		397.00	419.00	22.00	0.87	
MGH13-051	34026	295.00	333.00	38.00	0.78	Windjammer
incl.		324.00	333.00	9.00	1.01	south area
		342.00	350.00	8.00	0.89	
		380.00	431.00	51.00	0.75	
MGH13-052	34022	316.00	385.30	69.33	0.92	Windjammer
incl.		348.00	381.00	33.00	1.18	central area
MGH13-053A	34026	214.00	275.00	61.00	0.88	Windjammer
incl.		248.00	273.00	25.00	1.30	south + gap areas
		317.00	350.00	33.00	0.84	
incl.		321.00	332.00	11.00	1.47	
MGH13-054	34023	308.00	491.00	182.50	0.74	Windjammer
incl.		335.00	344.00	9.00	1.04	central area
incl.		353.00	362.00	9.00	1.24	
incl.		412.00	419.00	7.00	1.85	
incl.		450.00	486.00	36.00	1.10	
MGH13-055	34021	67.00	73.00	6.00	1.16	Windjammer
		366.00	386.00	20.00	0.87	south area
		415.00	430.00	15.00	1.19	
MGH13-056	34016	170.00	177.00	7.00	3.70	Windjammer
		334.00	480.00	146.00	0.70	central area
incl.		367.00	394.00	27.00	0.80	
incl.		421.00	478.00	57.00	0.90	
incl.		434.00	447.00	13.00	1.13	
incl.		469.00	478.00	9.00	1.52	
MGH13-057	34017	203.00	213.00	10.00	7.72	Windjammer
incl.		212.00	213.00	1.00	68.80	south area
MGH13-058	34016	313.00	314.00	1.00	1.89	Windjammer
		333.00	338.00	5.00	0.76	south area

MGH13-059	34021	118.00	122.00	4.00	0.84	Windjammer
		308.00	328.00	20.00	0.65	central area
MGH13-060	34022	164.00	169.00	5.00	1.06	Windjammer
		201.00	204.00	3.00	1.98	south area
MGH13-061A	34027	382.00	394.00	12.00	2.04	Windjammer
		399.00	405.00	6.00	0.99	south area
		418.00	434.00	16.00	0.98	
MGH13-062	34013	202.00	226.00	24.00	0.74	Windjammer
		254.00	296.00	42.00	0.78	central area
incl.		274.00	296.00	22.00	1.02	
		325.00	401.00	76.00	0.69	
		416.00	425.00	9.00	0.81	
MGH13-063	34024	67.00	89.00	22.00	1.16	Windjammer
		94.00	106.00	12.00	1.02	south area
MGH13-063A	34024	80.00	144.00	64.00	1.39	Windjammer
		82.00	117.00	35.00	2.10	south area
incl.		112.00	117.00	5.00	7.91	
MGH13-064	34012	102.00	129.00	27.00	1.54	Windjammer
incl.		118.00	124.00	6.00	4.91	central area
MGH13-065	34018	257.00	353.00	98.00	0.60	Windjammer
incl.		297.00	353.00	56.00	0.80	central area
incl.		314.00	323.00	9.00	2.44	
		378.00	412.00	34.00	0.61	
MGH13-066	34006	165.00	170.50	5.50	3.11	Windjammer
		350.00	351.00	1.00	1.27	north area
		405.00	406.00	1.00	5.59	
		418.00	419.00	1.00	1.13	
MGH13-067	34020	88.00	101.00	13.00	0.91	Windjammer
		107.00	117.00	10.00	1.19	south area
		180.00	183.00	3.00	1.67	
		193.90	197.00	3.10	1.27	
MGH13-068	34032	142.00	143.00	1.00	1.51	Windjammer
		180.90	181.90	1.00	1.87	west area
		218.00	221.00	3.00	0.81	
		352.00	353.00	1.00	1.34	
MGH13-069	34024	118.00	132.00	14.00	1.11	Windjammer
		410.00	512.40	102.40	0.84	central area
incl.		459.00	476.00	17.00	1.36	
incl.		488.00	511.00	23.00	1.09	
MGH13-070	34014	104.00	108.00	4.00	1.11	Windjammer
		261.00	265.00	4.00	1.25	central area
		283.00	359.00	76.00	0.79	
incl.		299.00	333.00	34.00	1.11	
		369.00	395.00	26.00	0.68	
MGH13-071A	34000	253.00	254.00	1.00	0.78	400m east of
		360.00	361.00	1.00	0.65	central area
MGH13-072	34026	86.00	98.12	12.12	1.93	Windjammer
		393.00	397.00	4.00	0.88	central area

		403.00	482.00	79.00	0.74	
incl.		443.00	482.00	39.00	1.03	
		488.00	576.00	88.00	1.23	
		587.00	589.00	2.00	3.49	
MGH13-073A	34000	366.50	368.00	1.50	1.09	400m east of central area
		369.50	371.00	1.50	1.42	
MGH13-074	34029	348.00	353.00	5.00	0.81	Windjammer south area
		396.00	450.00	54.00	0.77	
incl.		396.00	410.00	14.00	1.06	

Table I – Highlights: assay results from Q4 2013 drilling

Planning and preparation - NI 43-101 Update

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

A programme of 'infill' sampling was initiated to further improve the assay density-continuity within the *Southwest Zone* resource area. Four historic holes were selected and retrieved from the Company's on site core farm. The previously un-sampled intervals were inspected for mineralization. A total of 700+ samples from historical drilling were shipped to the lab for gold analysis. It is anticipated that very few data gaps will exist within the resource pit shell for the next resource update.

First Nations

Since early December 2013, Wahgoshig First Nation provides daily core-hauling services over the 125 kilometer route between the drill site and Moneta's core shack, located just a few kilometers north of downtown Timmins on Highway 655.

Exploration Permit – Amendment requested and approved

Management submitted the relevant applications in Q1 2013 and received the 3 year exploration Permit for the Golden Highway project.

The Company sought an amendment to the Exploration Permit in late December 2013 to incorporate an approximate 100% increase in the exploration perimeter. This revision was accepted within 37 days of submission, and remains in effect until April 11, 2016.

Summary Updated NI 43-101 Mineral Resource Estimate (2012)

The NI 43-101 Mineral Resource Estimate was completed on the *Golden Highway* in 2012. Readers seeking additional details to those disclosed here are directed to the (combined) NI 43-101 Mineral Resource Estimate and Preliminary Economic Assessment technical report filed on SEDAR in January 2013.

Updated NI 43-101 Mineral Resource Estimate (October 2012) – highlights, using US$1,200/ounce gold, include:

- In-Pit and Out-of-Pit:
  - Indicated: **1,091,000** ounces (31.1 Mt at 1.09 g/t Au); **plus**
  - Inferred: **3,204,000** ounces (83.3 Mt at 1.20 g/t Au);
- Resource remains open in all directions for further expansion.

Preliminary Economic Assessment (2012)

A Preliminary Economic Assessment ("**PEA**") was completed on the *Golden Highway* in 2012. The PEA incorporated the NI 43-101 Mineral Resource Estimate (press release October 25, 2012) of 31.1 Mt at 1.09 g/t Au indicated plus 83.3 Mt at 1.20 g/t Au inferred and demonstrated robust economics in establishing a new gold mine and mill complex on the property.

Pre-tax Net Present Value is **$748 million** (5% discount rate), with a **24.4%** internal rate of return, and 4.1 year payback period using **US$1,350** gold price. A gold price sensitivity table follows:

TABLE 1: ECONOMIC SENSITIVITY TO GOLD PRICE					
Gold Price (US$)	**BASE CASE: $1,350**	**$1,400**	**$1,500**	**$1,600**	**$1,700**
Net Present Value ($ millions)	**748**	858	1,080	1,301	1,523
Internal Rate of Return (%)	**24.4**	26.8	31.3	35.5	39.5
Payback period	**4.1**	3.7	3.3	2.9	2.6

PEA Highlights:

- Life of mine metal production of **3.8 million ounces gold with 92% recovery**;
- Processing facility throughput of 25,000 tonnes per day ("tpd");
- Life of mine average cash costs of $607 per ounce gold;
- Average diluted mill head grade of 1.11 g/t gold;
- Average annual production of 288,000 gold ounces;
- 12 year mine life; and
- No royalties or encumbrances on the project.

Areas of upside potential include:

- Four additional gold zones on the property outside the NI 43-101 resource;
- Additional infill drilling within the planned pits;
- Potential below current constrained pits - similar to Southwest Zone; and
- Exploration potential within 12km of strike of the Property.

The PEA incorporates the recent NI 43-101 Mineral Resource Estimate of 31.1 Mt at 1.09 g/t Au indicated plus 83.3 Mt at 1.20 g/t Au inferred (press release October 25, 2012). The PEA assumes that both open pit and underground mining methods would be used for resource extraction. Potentially economic open pit portion of the resources have been calculated assuming a dilution of 6% and a material loss of 2%. Potentially economic underground portion of the resources have been calculated assuming a dilution of 15% and a material loss of 10%.

The reader is cautioned that the PEA is preliminary in nature as it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

PORCUPINE CAMP

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

There has been no field activity in 2013 on the Porcupine Camp properties.

North Tisdale

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

Kayorum

Moneta Mine – Closure Plan

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

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

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

Moneta Mine – Tailings Pond

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

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

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

FINANCIAL REVIEW

The audited consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance 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 Audited Consolidated Statements of Financial Position, the Statements of Changes in Shareholders' Equity, the Statements of Loss (Earnings) Comprehensive Loss (Earnings) and Deficit, and the Statements of Cash Flows for the year ended December 31, 2013.

SELECTED ANNUAL INFORMATION

Highlights ($ except per share data)	**December 31, 2013**	**December 31, 2012**	**December 31, 2011**
Revenue	**-**	-	-
Loss (earnings) and comprehensive loss (earnings)	**(4,590,174)**	(2,245,036)	(5,977,647)
Earnings (loss) per share	**($0.02)**	($0.01)	($0.04)
Total Assets	**5,376,653**	10,950,833	4,118,010
Total Long-term liabilities	**Nil**	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

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

Highlights	**2013**				2012			
($ except per share data)	**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	June 30	Mar 31
Revenue	**-**	-	-	-	-	-	-	-
Loss (earnings) and comprehensive loss (earnings)	**1,885,257**	1,732,270	1,318,896	(346,249)	941,549	740,307	1,153,284	(590,104)
Loss (earnings) per share	**$0.01**	$0.01	$0.00	($0.00)	$0.01	$0.01	$0.02	($0.02)

SIGNIFICANT EVENTS DURING 2013

Exploration and evaluation expenditures are expensed under IFRS (previously capitalized under Canadian GAAP). A total of $5,466,441 was incurred during 2013 as compared to $3,067,024 in 2012. Drilling was focused on the Company's *Golden Highway Project*, as explained above under RESULTS OF OPERATIONS.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the years ended December 31, 2013 and 2012 and the corresponding notes thereto. All references to years "2013" or "2012" relate to the years ended December 31 of those years unless stated otherwise. Moneta has not generated any material operating revenues as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported net loss and comprehensive loss of $4,590,174 in 2013 as compared to $2,245,036 in 2012. The net loss and comprehensive loss includes a Q1 2013 deferred tax recovery of $1,385,287 (Q1 2012: $1,600,000) which results in net earnings and comprehensive earnings for the Q1 current and comparative reporting years (see below for further details).

Exploration and evaluation expenditures were $5,466,441 in 2013 as compared to $3,067,024 in 2012, representing a significant increase in year over year exploration expenditures primarily on our *Golden Highway* project. Further details are presented in the table below:

For the years ended December 31,	2013 $		2012 $	
Golden Highway Project				
Drilling	3,783,803	69%	1,874,109	61%
Lab assay costs	555,305	10%	186,405	6%
Wages, benefits and contract labour	955,014	18%	785,993	26%
Other	172,319	3%	220,516	7%
Exploration and evaluation expenditures	5,466,441	100%	3,067,024	100%

Drilling expenditures increased to $3,783,803 in 2013 as compared to $1,874,109 in 2012 and represented 69% (2012: 61%) of total exploration and evaluation expenditures despite an increase in year over year drilling rates. Lab assay costs were $555,305 in 2013 as compared to $186,405 in 2012 and reflect a 17% reduction in assay sampling costs but a significant increase in the amount of drill core sampling for the 2013 in-fill drill program of the planned open pit. Wages, benefits and contract labour increased to $955,014 in 2013 as compared to $785,993 in 2012 and declined to 18% in 2013 (2012: 26%) of total exploration and evaluation expenditures as a result of favourable changes made to the composition of the technical operating team.

Share based compensation charges, related to options vested during the year, were $55,879 in 2013 as compared to $224,550 in 2012. Management fees, wages and tax benefits were $265,340 in 2013 as compared to $420,112 in 2012 due to incentive compensation of $NIL in 2013 as a result of the downturn in market conditions. General & administration expenses were $177,993 in 2013 unchanged from $177,843 in 2012. Legal and audit expenses were $105,925 as compared to $81,680 in 2012, up due to higher legal fees related to the 2013 annual general meeting. Travel and promotion expenses declined to $23,260 in 2013 as compared to $26,270 in 2012, representing cost cutting measures in difficult market conditions.

Other income was $38,353 in 2013 as compared to $137,532 in 2012 representing the sale of certain historical data in 2012 and a minor increase in year over year royalty income from a perlite operation. The unrealized loss on investments resulting from market value fluctuations, was $931 in 2013 as compared to $465 in 2012. Interest income was $81,955 in 2013, as compared to $15,376 in 2012, representing interest earned on higher cash balances year over year.

Deferred tax recovery in 2013 was $1,385,287 as compared to $1,600,000 in 2012, representing the flow through premium (2013: 35% - $0.35 issue price / $0.26 stock price) (2012: 40% - $0.49 issue price / $0.35 stock price) over the prevailing stock price on the structured flow through share issuances. These flow though premiums are reported as a temporary non-cash 'deferred premium on flow through shares' liability on the statement of financial position and reversed in the normal course upon flow through renunciation in March 2013 and March 2012, respectively, to the 'deferred tax recovery' on the consolidated statements of loss (earnings), comprehensive loss (earnings) and deficit.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the Consolidated Statements of Financial Position and Statements of Changes in Shareholders' Equity as at December 31, 2013 and 2012 and the corresponding notes thereto.

Consolidated assets

Consolidated assets were $5,376,653 at December 31, 2013 as compared to $10,950,833, as at December 31, 2012. Cash and equivalents were $3,361,056 at December 31, 2013 as compared to $9,082,092 at December 31, 2012, with the decline directly related to 2013 exploration and evaluation expenditures.

Exploration and evaluation assets were $1,743,537 at December 31, 2013 as compared to $1,683,430, at December 31, 2012, representing the capitalization of project acquisition costs and expensing of historically capitalized (deferred) exploration expenditures.

Consolidated liabilities

Consolidated liabilities, excluding the non-cash 'deferred premium on flow through shares' liability of $NIL (2012 - $1,385,287), were $916,966 at December 31, 2013 as compared to $610,664 at December 31, 2012.

In December 2012, as part of a larger financing, the Company completed a structured charity flow-through financing for $5,387,227. The Company reported a $4,001,990 increase in capital stock, reflecting the Company's stock price at the time, offset by a $1,385,287 increase in non-cash 'deferred premium on flow-through shares' liability, reflecting the premium received on the structured flow-through financing over the stock price.

In March 2013, the Company renounced, in the normal course, $5,387,227 (March 2012 - $5,600,000) of flow through expenditures to flow-through subscribers. As a result, the non-cash 'deferred premium on flow-through shares' liability of $1,385,287 (2012 - $1,600,000) was reversed from the statement of financial position to a deferred tax recovery credit on the consolidated statements of loss (earnings) and comprehensive loss (earnings) and deficit.

Shareholders' equity

Shareholders' equity was $4,459,687 at December 31, 2013 as compared to $8,954,882 at December 31, 2012. The decline is primarily due to the loss and comprehensive loss of $4,590,174 for the year ended December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Consolidated Statements of Financial Position as at December 31, 2013 and 2012 and the corresponding notes thereto.

The consolidated working capital ratio at December 31, 2013, was 4 : 1 as compared to 15 : 1 at December 31, 2012, excluding the temporary non-cash 'deferred premium on flow-through shares' liability.

The Company held $3,361,056 in cash and equivalents at December 31, 2013 (December 31, 2012 - $9,082,092), $222,960 (December 31, 2012 - $165,914) in sales taxes recoverable, and $30,151 (December 31, 2012 - $ NIL) in short term interest receivable.

Current liabilities at December 31, 2013 include accounts payable and accrued liabilities of $916,966 (December 31, 2012 - $610,664) primarily related to unpaid exploration and evaluation expenditures incurred during the quarter and payable in the normal course.

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the year ended December 31, 2013.

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company reported a salary of $12,000 (2012 – $12,000) to an officer and director for the year ended December 31, 2013, for services provided to the Company. An amount of $6,000 was payable at the end of the year. The Company paid salary and prior year incentive compensation of $200,000 (2012 - $245,000) to a second officer and director for the year ended December 31, 2013 for services provided to the Company under an ongoing employment agreement. The Company reported a salary and incentive compensation of $18,750 (2012 – $NIL) charged to exploration and evaluation expenditures, and issued 500,000 incentive stock options, with vesting beginning in 2014, and a related non-cash share based compensation charge of $10,620, for an officer for the year ended December 31, 2013 for services provided to the Company under an ongoing employment agreement. The Company reported consulting fees of $45,059 (2012 – $91,800), charged to exploration and evaluation expenditures, for the year ended December 31, 2013. Directors' fees of $32,750 (2012 – $31,534) were expensed during the year ended December 31, 2013, with $8,000 payable at the end of the year. On March 6, 2014, the Company issued to directors 170,000 stock options at an exercise price of $0.19 and subject to a three year term and 300,000 stock options at an exercise price of $0.12 and subject to a three year term.

All related party transactions were completed in the normal course of business at the exchange amounts. There were no loans to Directors or Officers during the year (2012: $NIL).

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The CEO and CFO evaluated the 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 December 31, 2013, 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 December 31, 2013. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR as at December 31, 2013.

CRITICAL ACCOUNTING ESTIMATES

Moneta's significant accounting policies are summarized in note 2 to the audited consolidated financial statements for the year ended December 31, 2013. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value of exploration and evaluation assets, the valuation of share-based compensation transactions, the valuation of purchase warrants issued on financings, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Provisions

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

Exploration and evaluation expenditures

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

Decommissioning and restoration provision

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

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

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

Share based compensation transactions

Stock options

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

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

Share-based payments to non-employees

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

Purchase warrants and broker compensation options

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

Contingencies

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

CHANGES IN ACCOUNTING POLICIES

The Consolidated Financial Statements for the year ended December 31, 2013 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

Recent Accounting Pronouncements

The Company is currently evaluating the impact on its consolidated financial statements of recent accounting pronouncements, as follows:

IFRS 9 Financial Instruments

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Fair value

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

There have been no major or significant changes that have had an impact on the overall risk assessment of the Company during the period. The objectives and strategy for the exploration and evaluation asset portfolio remains unchanged.

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

Credit risk

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

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

The aggregate gross credit risk exposure at December 31, 2013 was $3,614,167 (December 31, 2012 - $9,248,006), and was comprised of $222,960 (December 31, 2012 - $165,914) in harmonized sales taxes recoverable, $30,151 (December 31, 2012 - $ NIL) in short term interest receivable, and $3,361,056 (December 31, 2012 - $9,082,092) in cash and equivalents held with Canadian financial institutions with a “AA” credit rating.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as 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.

Sensitivity Analysis

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

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

Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;

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

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

CONTINGENT LIABILITIES

Order to file closure plan on Moneta Mine

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

The Ministry of Northern Development and Mines ("**MNDM**") has provided comments on the closure plan filed in November 2011, an amended closure plan filed by the Company in 2012, and a written proposal by the Company to resolve the minor outstanding issues.

The Company met with a new MNDM compliance team in July and October 2013 and certain issues were favorably resolved. The MNDM agreed to come back to the Company on how to resolve the remaining minor issues. No provision has been made in the consolidated financial statements given ongoing discussions with the MNDM to close this matter.

Civil lawsuits

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

OUTSTANDING SHARE DATA

As at December 31, 2013, the Company has a total of 193,642,382 (December 31, 2012 – 193,472,382) common shares outstanding and 6,520,000 (December 31, 2012 – 6,734,083) stock options outstanding with an average exercise price of $0.24 (December 31, 2012 - $0.24) per share. Additional details are available in note 4 to the Consolidated Financial Statements for the year ended December 31, 2013.