

MONETA PORCUPINE MINES INC.

Management Discussion and Analysis

For the year ended December 31, 2016



MONETA PORCUPINE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2016

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, 2016. This MD&A should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2016. 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**”). The Company operates in one segment, defined as the cash generating unit, which is Canada. This MD&A has an effective date of March 28, 2017, 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 28, 2017 for the year ended December 31, 2016 (“**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:

Page 1	Forward-Looking/Safe Harbour Statement and Fair Disclosure Statement
Page 2	Outlook, Corporate Overview
Page 4	Overall Performance
Page 7	Financial Review Consolidated Operating Results, Consolidated Financial Position, Liquidity and Capital Resources
Page 10	Off-Balance Arrangements, Transactions with Related Parties
Page 11	Disclosure Controls and Procedures and Internal Controls over Financial Reporting, Critical Accounting Estimates
Page 12	Changes in Accounting Policies, Recent Accounting Pronouncements
Page 13	Financial Instruments and Other Instruments
Page 15	Contingent Liabilities, Outstanding Share Data

FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

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



OUTLOOK

The Company successfully completed a private placement financing of \$7.6 million during Q3 2016 and announced, in Q4 2016, a 40,000 metre drill program over 2016/2017 on the wholly owned Golden Highway Project.

The Golden Highway Project captures 12kms of the Destor Porcupine Fault Zone Corridor, one of the most prolific Archean gold-bearing structures in the world. The project currently hosts a NI 43-101 resource of 4.3 million ounces gold (all categories), spanning only 4km of the corridor and found primarily within sedimentary host rocks. Resource growth potential along the remaining 8km of largely untested volcanic rocks is exceptional, as limited historic drilling has already confirmed shallow high grade gold mineralization.

Considerable gold production from the Timmins Camp area has been from quartz vein systems associated with ultramafic and mafic volcanics both north and south of the Destor Porcupine Fault Zone, particularly when in proximity to porphyry intrusives. Prior drilling has confirmed similar settings across the Golden Highway Project, several of which are to be systematically drill tested in 2017.

The primary objective of the 2017 drill program is to identify new gold mineralization and exploration of previous gold discoveries associated with the Destor Porcupine Fault Zone corridor and proximal to the current NI 43-101 resource. The Company expects to update its 2012 NI 43-101 resource estimate by the end of this year. The resource update will include both the results from the 2017 drill program as well as from the 50,000 metre infill drill program that was completed in 2013/2014. The primary objective of the 2013/2014 program was to upgrade a significant portion of the Inferred ounces to the Measured and Indicated category.

CORPORATE OVERVIEW

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

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

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

Moneta holds a 100% interest in 5 core gold projects strategically located on or along the Destor Porcupine Fault Zone corridor ("**Destor**"), one of the key mineralized structures in the Abitibi Greenstone belt in Ontario, with 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 Tahoe Resources (formerly Lake Shore Gold), Primero Mining (formerly Brigus Gold), Osisko Mining (formerly Northern Gold), and Kirkland Lake Gold (formerly St Andrew Goldfields). The Golden Highway Camp has experienced rapid advancement of large bulk tonnage gold resources by Moneta and others, reflecting the strong regional gold potential.

Moneta’s land position for gold exploration is one of the best and largest in the world class Timmins Camp 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 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 to date, including that from some 26 mines, each of which generated more than 100,000 ounces.

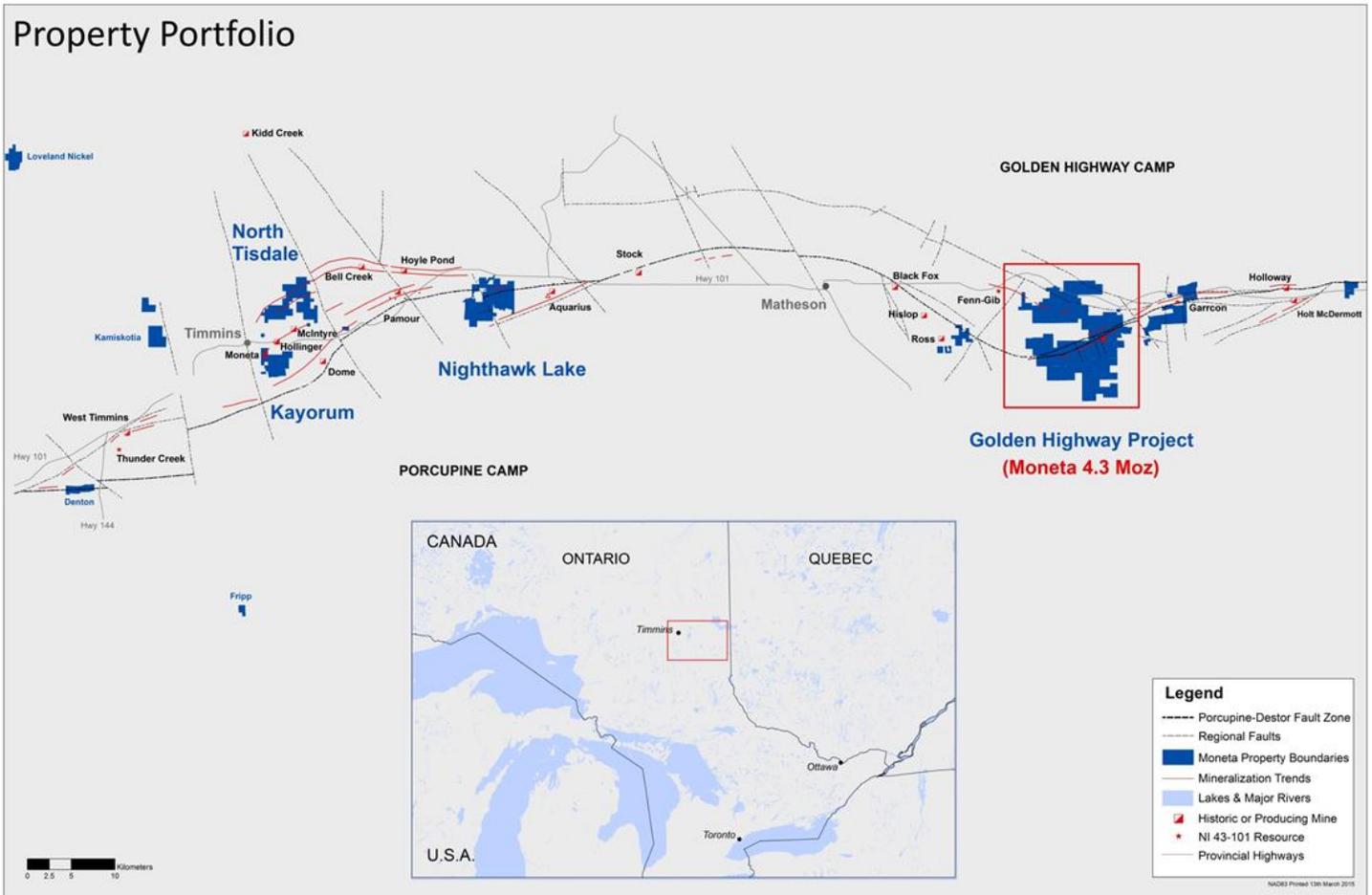


Figure I: Moneta’s Key Gold Exploration Properties

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 largely contiguous land package of 689 claim units or approximately 11,000 hectares that contain a significant NI 43-101 4.3 million ounce (all categories) gold resource.

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

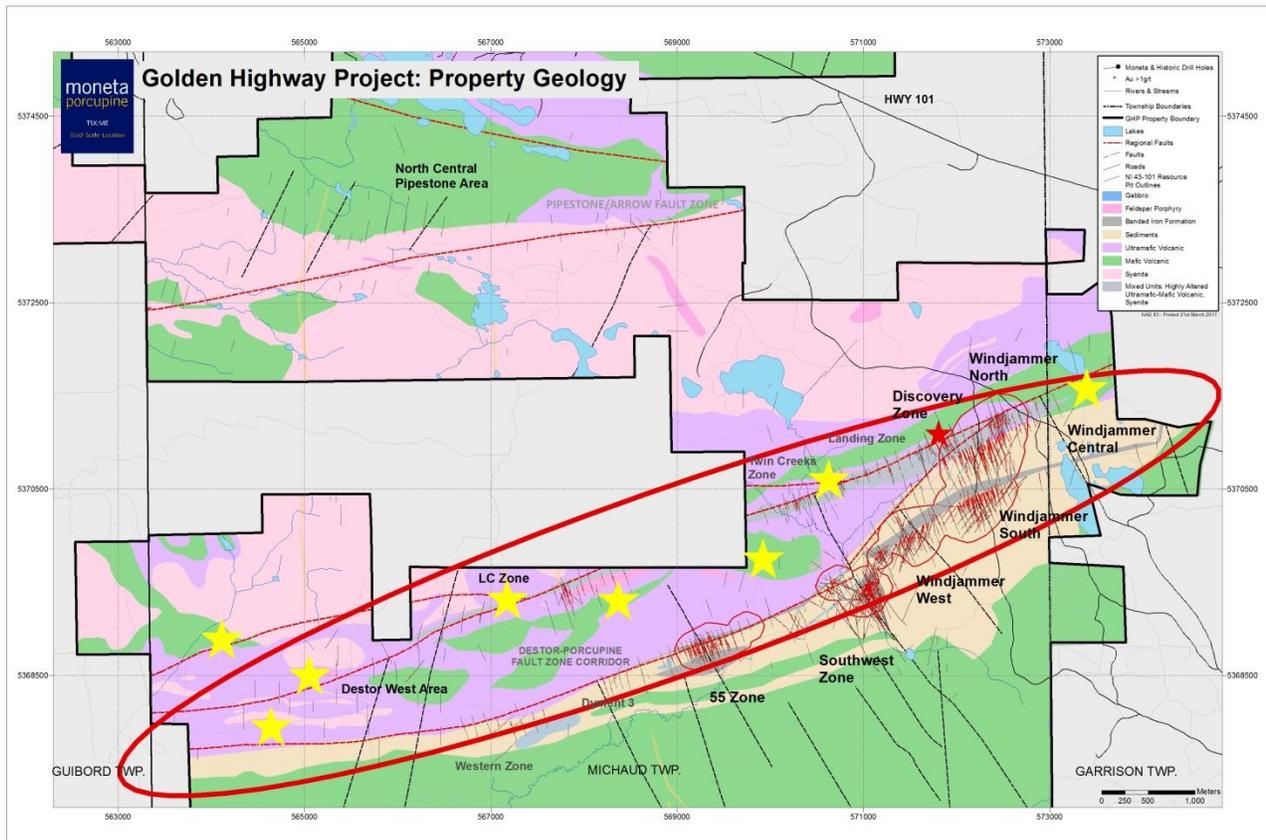
OVERALL PERFORMANCE

Golden Highway Project

Drilling began on the Golden Highway project in late Q4 2016 with two drills on site to test several high grade target areas within the Destor volcanics. The Company completed 10 drill holes totalling 4,604 metres with an additional 2 in progress by year end and added a third drill in mid-January with all three drills now contracted to the end of 2017.

The drill target areas were defined by leveraging the Company’s extensive drilling database and interpreting and correlating airborne magnetic and induced polarization anomalies with known geology and gold mineralization. Additionally, much effort was put into resampling and analyses of drill core to better understand and prioritize exploration target areas on the Golden Highway Project along its 12km of Destor Porcupine Fault Zone corridor. The historical core review and geophysical target generation have supported internal three-dimensional (3D) modeling and interpretation.

Favourable geologic settings were identified and indicate that similar gold mineralizing structures exist, along the 8+ km volcanic package of the Destor Porcupine Fault Zone corridor (see red ellipse below).



Destor West target area

The Destor West target area, covering the large (approx. 13 square km) southwest portion of the Golden Highway Project, is interpreted to contain multiple splays and structures cross-cutting the Destor corridor as it turns from a southwesterly to a west orientation, followed by a northwesterly trend west of the property

boundary. The potential for gold mineralization associated with these splays and structures is considered high and drill testing of these features began in Q4 2016 and continues in 2017.

A high priority Destor West target, delineated by an AMT (audio magneto-telluric) geophysical survey, was drill tested to depth in 2016, with drill holes MGH16-004, 006 and 010 (total 1,667m). Hole MGH16-004 intersected weakly altered and locally brecciated ultramafic metavolcanics with feldspar porphyries and syenite, both hosting scattered quartz carbonated stringers and veinlets with locally elevated pyrite content and anomalous gold values such as 2.84g/t over 1.50m. Hole MGH16-006 intersected a similar sequence that locally contained up to 20% quartz stringer veining and elevated pyrite levels. Results included 5.83g/t over 1.15m within 2.50g/t over 4.50m. MGH16-010 intersected stronger alteration returning 1.43g/t over 1.62m. A highly prospective geological setting was encountered and further modeling and interpretation is underway for follow up drilling.

Drill hole	From (m)	To (m)	Vertical depth (m)	Width ⁽¹⁾ (m)	Au ⁽²⁾ (g/t)	Location	Comments
MGH16-004	465.75	467.25	440	1.50	2.84	1450m west of LC Zone	Ultramafic Intrusive
MGH16-006 incl.	499.50	504.00	475	4.50	2.50	1750m west of LC Zone	Feldspar Porphyry
	501.35	502.50		1.15	5.83		Quartz Feldspar Porphyry
	534.88	538.45		3.57	1.65		
⁽¹⁾ Drilled widths are currently reported							
⁽²⁾ Metallic checks completed on all assays >20.0 g/t							

LC Zone target area

The LC Zone is located within the greater Destor West area where past drilling intersected significant grade over width from quartz stringers and veining in altered syenite.

MGH16-001-003, 005A, and 007 to 009 (2,937m), including 2 lost holes due to blocky ground (001 and 005), stepped out 700 to 1,400 metres southwesterly along the Destor strike and to depth from the LC Zone intersecting similar syenite, feldspar and quartz feldspar porphyry, often locally with 5-10% disseminated pyrite. All holes intersected mineralization, including wide auriferous alteration and quartz stringer intercepts.

Drill hole	From (m)	To (m)	Vertical depth (m)	Width ⁽¹⁾ (m)	Au ⁽²⁾ (g/t)	Location	Comments
MGH16-001	105.50	118.65	79	13.15	0.76	Destor West	Syenite
	114.25	118.65		4.40	1.34		
MGH16-002 incl. and	238.83	256.33	183	17.50	1.24	Destor West	Felsic Intrusive/Syenite
	238.83	247.00		8.17	1.44		
	250.00	256.33		6.33	1.33		
MGH16-003 incl.	249.20	256.61	195	7.41	1.08	Destor West	Syenite Feldspar Porphyry
	263.25	275.70		12.45	1.02		
	268.20	272.70		4.50	1.62		
MGH16-005A	182.27	183.63	135	1.36	1.55	Destor West	Quartz Vein
MGH16-008	320.85	322.47	228	1.62	0.77	Destor West	Feldspar Porphyry
⁽¹⁾ Drilled widths are currently reported							
⁽²⁾ Metallic checks completed on all assays >20.0 g/t							

Golden Highway Resource

The latest NI 43-101 resource estimate was authored in Q4 2012 and excludes the 50,000 metres of primarily in-fill and stepout drilling in 2013 and 2014, including the new Discovery Zone (2.02g/t over 114.5m). The Company expects to update the NI 43-101 resource estimate in 2017 and the 50,000 metre drill program completed in 2013/2014 is expected to significantly improve the category of ounces to Measured and Indicated from Inferred.

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 (Ni), Kamiskotia (Cu/Zn), and Fripp (Cu). Only the core mining lands consisting primarily of mining leases within these base metal projects, are being kept in good standing and thus require minimal annual assessment expenditures (Loveland).

The Company dropped the thirteen Kelly Lake project claims (Ni-Cu-PGM deposit) located in Quebec, Canada in 2017. The Company is negotiating the settlement of a 1% net smelter royalty held by a Quebec prospector.

Nighthawk Lake

Directly west of Timmins and along the Destor Porcupine Fault Zone near the Aquarius deposit, is the Nighthawk Lake Project which contains the Collins gold zone. Initially discovered by Moneta in 1996, the zone has seen intermittent drilling by Moneta with the objective of delineating gold resources that may be amenable to bulk open pit mining.

In Q3 2016, the Company undertook limited diamond drilling to generate assessment expenditures in order to maintain certain staked claims on the Nighthawk Lake project. Drill hole MNHL16-01 was terminated at 39 metres due to excessive deviation. Drill hole MNHL16-01A, totalling 339 metres, was completed to test a newly modeled interpretation on mineralization controls within the Collins Zone. MNHL16-01A intersected variably altered ultramafic volcanics including talc-chlorite schist and grey green carbonate, with sections of green carbonate and sericitic alteration often associated with gold mineralization. Variably altered intermediate to mafic and feldspar dykes occurred throughout and were generally associated with higher concentration of sulphides and gold values within the immediate alteration zone.

Highlights of significant intervals of gold mineralization include 2.20 g/t over 5.16m associated with an altered feldspar dyke, 3.83 g/t over 6.40m adjacent to a narrow mafic dyke, and 1.84 g/t over 29.80m in green carbonate and sericite altered ultramafic volcanics containing quartz carbonate stringers and pyrite, as tabled below.

Drill hole	From (m)	To (m)	Vertical depth (m)	Width ⁽¹⁾ (m)	Au ⁽²⁾ (g/t)
MNHL16-01A	91.77	96.93	75	5.16	2.20
incl.	94.60	96.93		2.33	3.84
	127.50	133.90	100	6.40	3.83
incl.	127.50	129.00		1.50	9.12
incl.	132.44	133.90		1.46	7.14
	187.20	217.00	150	29.80	1.84
incl.	194.10	200.60		6.50	3.69
incl.	209.50	215.50		6.00	2.42
⁽¹⁾ Drilled widths are currently reported					
⁽²⁾ Metallic checks completed on all assays > 20.0 g/t					

Modelling and interpretation was updated to identify orientations for future drilling. No additional drilling is planned at this time.

North Tisdale

The North Tisdale project is located directly north of the City of Timmins core along the “New Mine Trend” that hosts current and past producers such as Hoyle Pond and Owl Creek. In Q3 2016, the Company undertook limited diamond drilling to generate assessment expenditures to order to maintain, certain staked claims on the North Tisdale property. Drill hole MNT16-01, totalling 397 metres, was completed to evaluate an untested Titan IP (induced polarization) and MT (magneto-telluric) anomaly. MNT16-01 collared in ultramafic volcanics, often talc or carbonate altered containing multiple fault zones at shallow depth before intersecting extensive intercalated mafic volcanic interflow tuffs believed to be part of the Tisdale Assemblage. Locally, the mafic tuffs were strongly graphitic with pyrite and gold mineralization of 0.29g/t over 1.50m, and 0.49 g/t over 2.30m. No follow up drilling is planned at this time.

Sample Protocol

The Company follows industry standard sampling (half sawn core samples with long term storage) and assaying procedures using accredited assay laboratories (SGS, Activation) with certified standards and blanks inserted into the sample stream. Duplicates are also run for additional QA/QC purposes. R. Skeries P.Geo, a qualified person for the purposes of NI 43-101, has reviewed and approved the technical content.

FINANCIAL REVIEW

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

This section discusses significant changes in the Consolidated Statements of Financial Position, Statements of Changes in Shareholders' Equity, Statements of Loss (Earnings) Comprehensive Loss (Earnings) and Deficit, and Statements of Cash Flows for the year ended December 31, 2016.

SELECTED ANNUAL INFORMATION

Highlights			
December 31,	2016	2015	2014
(\$ except per share data)			
Revenue	-	-	-
Loss (earnings) and comprehensive loss (earnings)	2,939,592	704,916	2,545,609
Loss (earnings) per share	\$0.01	\$0.01	\$0.01
Total Assets	10,672,459	3,015,980	2,185,999
Total Long-term liabilities	Nil	Nil	Nil



MONETA PORCUPINE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
 For the year ended December 31, 2016

SUMMARY OF QUARTERLY RESULTS

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

Highlights (\$ except per share data)	2016				2015			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	-	-	-	-	-	-	-	-
Loss (earnings) and comprehensive loss (earnings)	2,388,490	323,487	135,199	92,416	396,189	97,332	106,512	104,883
Loss (earnings) per share	\$0.01	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00

SIGNIFICANT EVENTS DURING 2016

On September 7, 2016, the Company completed a structured (charity) flow-through and hard dollar brokered private placement for aggregate gross proceeds of \$7,614,392. In Q4 2016, the Company announced a 40,000 metre drill program through December 31, 2017 on its Golden Highway project. Drilling commenced later than expected in Q4 2016 due to a lack of drill availability. Effective January 2017, three drills are contracted to the end of 2017.

Assessment drilling was completed during Q3 2016 on the Nighthawk Lake and North Tisdale projects to maintain certain staked claims in good standing, with significant assay results from Nighthawk Lake as reported above under OVERALL PERFORMANCE.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the year ended December 31, 2016 and the corresponding notes thereto. All references to "2016" or "2015" relate to the year 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 a loss and comprehensive loss of \$2,939,592 in 2016 as compared to \$704,916 in 2015.

Exploration and evaluation expenditures were \$1,105,850 in 2016 and relate to required assessment work on the Company's Nighthawk Lake and North Tisdale projects and the restart of exploration on the Golden Highway project, as compared to \$204,533 in 2015. Further details are presented in the following table:

For the years ended December 31	2016		2015	
	\$	%	\$	%
Drilling and Geophysics	690,425	62%	-	0%
Lab assay costs	39,808	4%	235	0%
Wages, benefits and contract labour	208,947	19%	191,709	94%
Other	166,670	15%	12,589	6%
Exploration and evaluation expenditures	1,105,850		204,533	

Share based compensation charges, related to options vested during the year, were \$1,568,088 in 2016 as compared to \$267,270 in 2015. Wages and benefits were unchanged at \$172,108 in 2016 as compared to \$168,641 in 2015. General & administration expenses were \$151,077 in 2016 as compared to \$82,777 in 2015 due to additional costs incurred in preparation for the 2016/2017 40,000 metre drill program. Legal and audit expenses were \$39,355 in 2016 unchanged from \$39,261 in 2015.



MONETA PORCUPINE MINES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2016

Other income was \$61,032 in 2016 as compared to \$54,282 in 2015 representing royalty income from a perlite operation. Interest income was \$35,854 in 2016 as compared to \$3,284 in 2015, representing interest earned on higher cash balances year over year.

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, 2016 and the corresponding notes thereto.

Consolidated assets

Consolidated assets were \$10,672,459 at December 31, 2016 as compared to \$3,015,980 as at December 31, 2015. Cash and equivalents were \$8,549,319 at December 31, 2016 as compared to \$1,076,167 at December 31, 2015, with the increase due to the September 2016 private placement financing. Receivables, primarily comprised of royalty income receivable, were \$31,200 at December 31, 2016 as compared to \$10,713 as at December 31, 2015. Interest receivable on short term investments was \$12,960 at December 31, 2016 as compared to \$1,582 as at December 31, 2015.

Exploration and evaluation assets were \$1,936,830 at December 31, 2016 as compared to \$1,898,791, at December 31, 2015, representing the capitalization of project acquisition costs. Exploration expenditures are expensed under IFRS to the Statement of Loss and Comprehensive Loss.

Consolidated liabilities

Consolidated liabilities were \$528,546 at December 31, 2016 as compared to \$108,786 at December 31, 2015.

On September 7, 2016, as part of the completed structured (charity) flow-through and hard dollar brokered private placement financing for aggregate gross proceeds of \$7,614,392, the Company issued 17,215,335 common shares on a flow-through basis ("FT shares") at \$0.395 for gross proceeds of \$6,800,063. The FT shares were reported as a \$6,800,063 increase in capital stock, offset by a \$1,635,462 increase in non-cash deferred premium on flow-through shares 'liability', reflecting the premium in proceeds received on the charity flow-through portion of the financing over the hard dollar share price issuance of \$0.30 per share. This non-cash deferred premium on flow-through shares 'liability' will be transferred from the statement of financial position to a deferred tax credit on the consolidated statements of loss (earnings), comprehensive loss (earnings) and deficit when the flow through expenditures are renounced, in the normal course, in Q1 2017.

Shareholders' equity

Shareholders' equity was \$8,508,451 at December 31, 2016 as compared to \$2,907,194 at December 31, 2015. The increase is due to the September 2016 private placement financing of \$7,614,392 offset by the non-cash deferred premium on flow through of \$1,635,462 and share issuance costs of \$457,419, the exercise of stock options of \$551,250, the exercise of purchase warrants of \$900,000, the share based compensation on option grants during the year of \$1,568,088, all offset by the loss and comprehensive loss for the year ended December 31, 2016 of \$2,939,592.

On September 7, 2016, the Company completed a charity flow-through and hard dollar brokered private placement financing for aggregate gross proceeds of \$7,614,392. The Company issued 2,714,431 hard dollar units ("Units") at a price of \$0.30 per Unit for gross proceeds of \$814,329. Each Unit consisted of one common share (a "Common Share") and one Common Share purchase warrant (a "Warrant"). The Company concurrently issued 17,215,335 flow-through units (the "FT Units") comprised of 15,190,000 FT Units plus 2,025,335 FT Units to satisfy an over-allotment option exercised by the Underwriters, at a price of \$0.395 per FT Unit, for gross proceeds of \$6,800,063. Each FT Unit consisted of one Common Share issued on a flow through basis, and one Common Share purchase warrant. Each Warrant is exercisable into one Common Share at a price of \$0.42 for twenty-four months following closing. Issue costs were



\$457,419 and included cash commissions of \$286,673 paid to the Underwriters, and Underwriter and Company legal fees, TSX listing fees and expenses of \$170,746.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Consolidated Statements of Financial Position as at December 31, 2016 and the corresponding notes thereto.

The consolidated working capital ratio at December 31, 2016, was 17 : 1 as compared to 10 : 1 at December 31, 2015. At December 31, 2016, the Company held cash and equivalents of \$8,549,319 (December 31, 2015: \$1,076,167), receivables of \$31,200 (December 31, 2015: \$10,713), sales taxes recoverable of \$124,799 (December 31, 2015: \$12,209), and short term interest receivable of \$12,960 (December 31, 2015: \$1,582).

Current liabilities at December 31, 2016 include accounts payable and accrued liabilities of \$528,546 (December 31, 2015: \$108,786) and relate to expenses incurred during the quarter and payable in the normal course and standard accounting accruals.

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, 2016.

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company reported a salary of \$NIL (2015: \$NIL) to an officer and director for the year ended December 31, 2016, for CFO services provided to the Company. The Company paid a salary of \$166,667 (2015: \$162,500) to an officer and director for the year ended December 31, 2016 for CEO and other services provided to the Company under an ongoing employment agreement. The same officer and director invested \$75,000 in the May 6, 2015 private placement and voluntarily reduced his annual compensation by 25% effective April 1, 2015 until September 1, 2016. Director fees of \$NIL (2015: \$NIL) were expensed during the year ended December 31, 2016. One independent director invested \$30,000 in the September 2016 private placement. Two independent directors invested a total of \$100,000 in the May 6, 2015 private placement. During 2016, directors exercised 5,925,000 (2015: NIL) stock options an average cost of \$0.09. During 2016, 9,475,000 (2015: 3,050,000) stock options were granted to directors at an exercise price of \$0.25 (2015: \$0.12), subject to a five year term. A Black Scholes fair value of \$1,566,691 (2015: \$235,934) was charged to share based compensation. All related party transactions were completed in the normal course of business. There were no loans to directors or officers during the year (2015: \$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, the CEO and CFO have concluded that as of December 31, 2016, the Company’s DC&P and ICFR were effective.

CRITICAL ACCOUNTING ESTIMATES

Moneta’s significant accounting policies are summarized in note 3 to the consolidated financial statements for the year ended December 31, 2016. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value of exploration and evaluation assets, the valuation of share-based compensation transactions, the valuation of purchase warrants issued on financings, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

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

Share based payments

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

Exploration and evaluation expenditures

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

Impairment of long-lived assets

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

Decommissioning and restoration provision

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

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

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

Contingent Liabilities

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

CHANGES IN ACCOUNTING POLICIES

The Consolidated Financial Statements for the year ended December 31, 2016 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board. There were no changes in accounting policies during the year.

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). The mandatory effective date of IFRS 9 is for annual years beginning on or after January 1, 2018.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Fair value

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

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

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

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

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is concentrated in three specific areas: the credit risk on

operating balances including sales taxes recoverable, royalty income and other receivables, interest receivable on short term deposits, and cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at December 31, 2016 was \$8,718,278 (December 31, 2015: \$1,100,671), and was comprised of \$8,549,319 (December 31, 2015: \$1,076,167) in cash and equivalents held with Canadian financial institutions with an “AA-” credit rating, \$31,200 (December 31, 2015: \$10,713) in Receivables, \$124,799 (December 31, 2015: \$12,209) in sales taxes recoverable, and \$12,960 (December 31, 2015: \$1,582) in interest receivable.

Market risk

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

Currency risk

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

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

Commodity price risk

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

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity management is to ensure that there will be sufficient cash to meet all financial commitments and working capital obligations as they become due. To manage cash flow requirements, the Company maintains principally all its assets in cash and equivalents.

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



CONTINGENT LIABILITIES

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 in 2011, the Company undertook necessary steps and submitted a mine closure plan. The Company received written approval from the Ministry of Northern Development and Mines on March 17, 2015 that the Closure Plan for the historic Moneta Mine was accepted as filed. There are no significant financial or other obligations on the part of the Company going forward.

Civil lawsuits

Two parties that own 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. The Company believes the claims have no merit and intends to defend such claims vigorously. Accordingly, no provision has been made in these consolidated financial statements for these claims.

OUTSTANDING SHARE DATA

As at December 31, 2016, the Company had a total of 238,947,148 (December 31, 2015: 208,092,382) common shares outstanding, 11,120,000 (December 31, 2015: 7,170,000) stock options outstanding at an average exercise price of \$0.23 per share (December 31, 2015: \$0.10), and 24,379,766 (December 31, 2015: 9,450,000) warrants outstanding at an average exercise price of \$0.41. Additional details are available in note 6 to the annual consolidated financial statements for the year ended December 31, 2016.