



**MONETA PORCUPINE MINES INC.**

Management Discussion and Analysis

For the nine months ended September 30, 2019

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 nine months ended September 30, 2019 and should be read in conjunction with the interim consolidated financial statements and notes thereto for the nine months ended September 30, 2019. All amounts included in this MD&A are in Canadian Dollars.

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2018, except as noted below under changes in accounting policies. The interim consolidated financial statements should be read in conjunction with the 2019 annual consolidated financial statements and the notes thereto. The Company operates in one segment defined as the cash generating unit which is Canada. This MD&A has an effective date of November 11, 2019, 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, 2019 for the year ended December 31, 2018 (“**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](http://www.sedar.com) and the Company’s website at [www.monetaporcupine.com](http://www.monetaporcupine.com).

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### **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 commenced a drilling program in late Q3, 2019 on the Golden Highway project area comprised of an initial 10,000 m. The drill program is designed to test for mineral resource expansion potential at current deposits and test for new mineralization identified at new targets areas. Additional resource potential has been identified at the Windjammer South and 55 deposits areas and at the new West Block zone located within the South West deposit area. Mineralization has been identified at the Westaway and Halfway target areas where historical drilling has intersected high grade mineralization over economic widths. The new resource potential and drill targets are located within the same geological setting as the current South West, Windjammer South and 55 deposits, situated along the regional BIF "A" unit and hosted in the same coarse-grained sandstone unit.

During the quarter Moneta used the results of the 9,600 m drill program completed in Q2, 2019, on the Golden Highway Project, to expand and update the geological model and geological wireframes at South West. The updated resource will include the resource expansion drilling completed at the West Block and Gap areas of South West, as well as infill drilling located within the main South West area. The updated geological wire frames will be used as the basis for the updated mineral resource estimate which is underway and due to be released in the fourth quarter of 2019.

During the quarter drill core samples were subjected to metallurgical recovery test work on samples representing the higher grades of the latest mineral resource mineralization at South West. Results of the updated test-work program are pending. The results of the new recovery test-work, the new resource estimate and updated geology will be used for an updated preliminary economic assessment study should results warrant. Moneta completed equity offerings to raise \$6.2MM over the quarter in order to fund and accelerate the expanded exploration programs.

## 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.

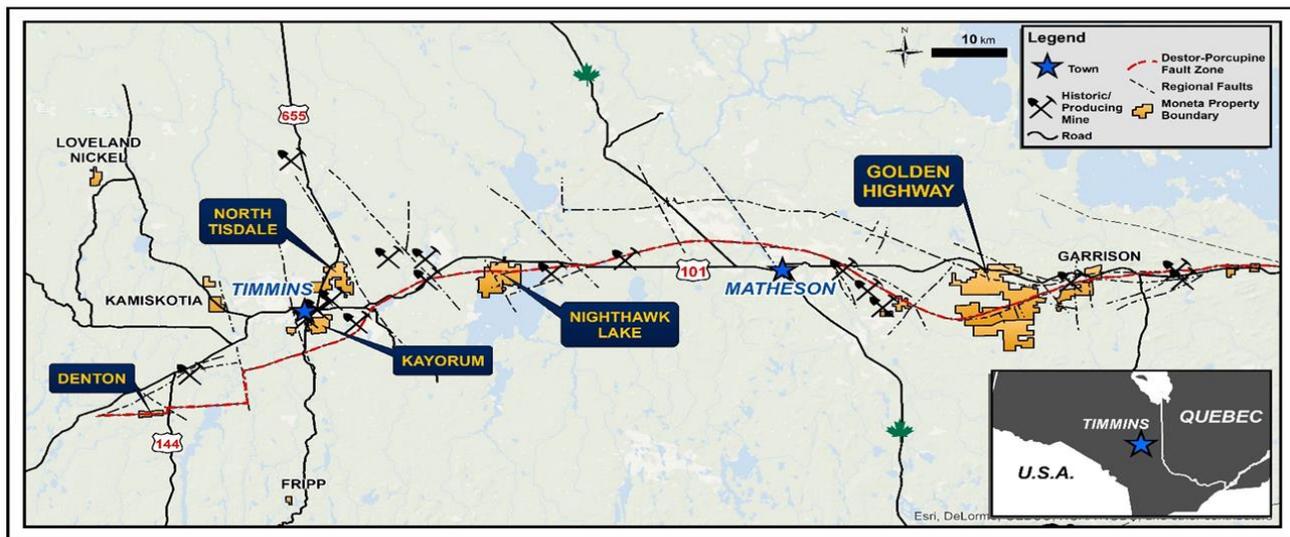
Moneta has interests in 967 single and 326 boundary cell claims for a total area of approximately 61,760 hectares in the form of mining patents, leases and staked claims. Most of the Company's landholdings are not subject to any royalty or encumbrances other than minor royalties to third parties on a limited number of claims primarily outside the Golden Highway Project and distal to resource areas.

Moneta holds a 100% interest in 6 core gold projects and a 50% JV with Kirkland Lake Gold strategically located on or along the Destor Porcupine Fault Zone corridor ("**Destor**"), one of the key mineralized structures in the Abitibi Greenstone belt in Ontario, with excellent infrastructure including access roads, water, electricity, and mills. Most gold mineralization in the region is associated with the Destor, including significant resources and producing mines now operated by Porcupine Gold Mines (Newmont-Goldcorp Corporation) and several others such as Pan American Silver Corporation (formerly Tahoe Resources), McEwen Mining (formerly Primero), and Kirkland Lake Gold. The Golden Highway Camp has experienced rapid advancement of gold resources by Moneta and others including O3 Mining (Formerly Osisko Mining), reflecting the strong regional gold potential.

The Porcupine Camp and Golden Highway Camp (here collectively referred to as "**Timmins Camp**") is the most prolific gold producing belt in Canada and is one of the most prolific gold-producing areas in the world with over 80 million

ounces of gold produced to date, including that from some 26 mines, each of which generated more than 100,000 ounces.

Moneta’s land position for gold exploration is one of the largest in the Timmins Camp including a commanding position in the emerging Golden Highway Camp as well as an established position in the Porcupine Camp, with a significant underground resource containing a total of 383,400 ounces gold contained within 2.59 million tonnes (Mt) @ 4.61 grams per tonne (g/t) Au in the indicated category and a total of 873,200 ounces gold contained within 6.46 Mt @ 4.21 g/t Au in the inferred category at a 3.00 g/t Au cut-off (*Micon International Ltd, NI43-101 report dated 28 February 2019*) established in the Golden Highway Project area.



**Figure I: Moneta’s Key Gold Exploration Properties**

Moneta’s recent primary gold exploration and resource development focus has been the *Golden Highway Project* centred in Michaud Township 100 km east of Timmins, Ontario along Highway 101, a major all-season route. Moneta has a largely contiguous land package of 740 single and boundary mining cell claims (post 2018 MNM update) or approximately 10,680 hectares with a NI 43-101 mineral resource estimate (February 2019) containing 0.38 million ounces of gold in the indicated category and 0.87 million ounces of gold in the inferred category.

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

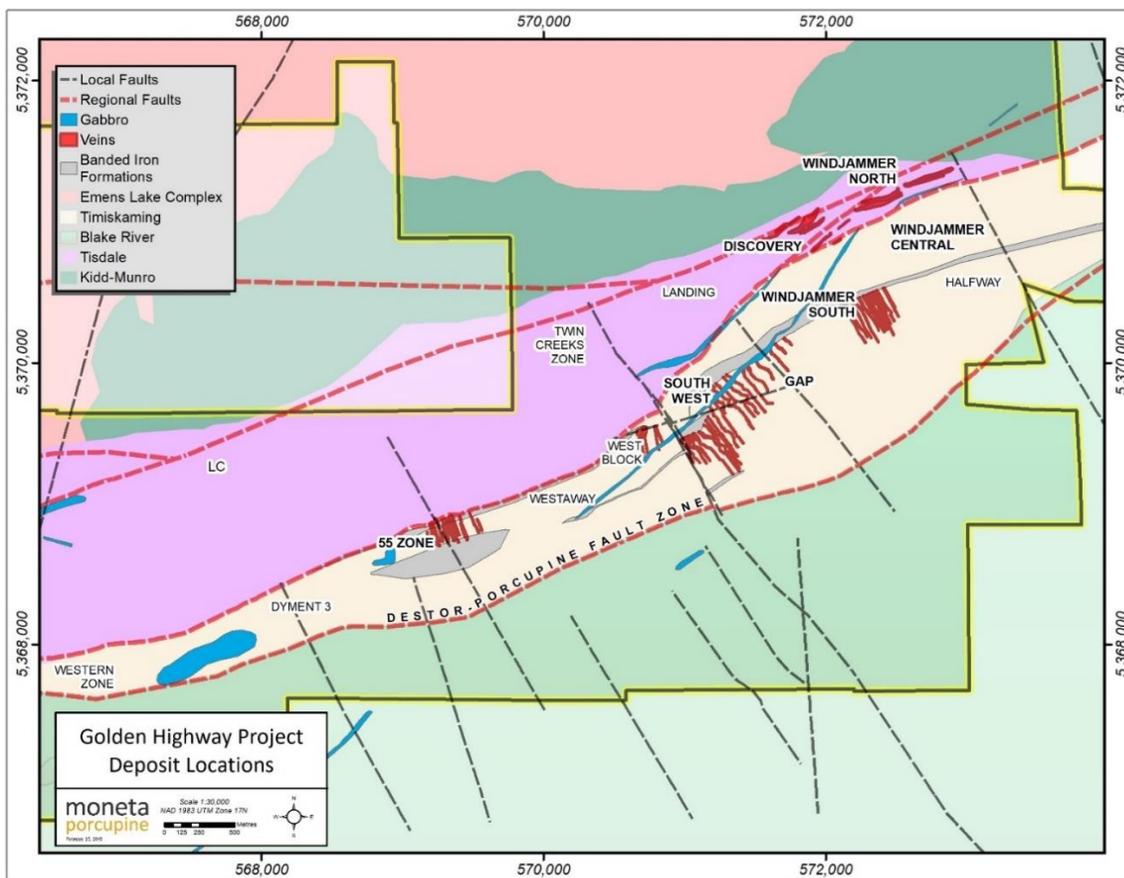
Moneta continues to maintain a large land holding in *Porcupine Gold Camp* which includes the gold properties of North Tisdale, Nighthawk Lake, Kayorum, DeSantis East and Denton. Additional properties with strategic value are historical base metal projects and include Loveland Nickel (Ni), Kamiskotia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

**OVERALL PERFORMANCE**

**GOLDEN HIGHWAY CAMP**

Summary

In January 2019, Micon International Ltd released an updated underground mineral estimate for the Golden Highway project comprised of a total of 383,400 ounces gold contained within 2.59 Mt @ 4.61 g/t Au in the indicated category and a total of 873,200 ounces gold contained within 6.46 Mt @ 4.21 g/t Au in the inferred category at a 3.00 g/t Au cut-off (*Micon International Ltd, NI43-101 report dated 28 February 2019*). The 43-101 technical report was publicly filed on “sedar” on March 01, 2019.



**Figure 2: Golden Highway Project; Target Areas**

During the reporting period Moneta has focussed on updating the mineral resource estimate for the South West deposit based on a 14 hole drill program, consisting of 9,681.0 m, completed during Q2, 2019. The drill program was designed to expand the current resource at South West where several zones containing high grade gold mineralization with good widths remain open or were not included in the current resource, including the West Block and Gap zones.

The pending resource update and Q2 drilling at South West was primarily conducted in the Gap area, the area north of the gabbro located south of the banded iron “A” formation and the West Block areas. In the Gap area of the South West deposit drilling was conducted to test the depth and southern extensions of the Gap-1, Gap-2, Gap-3, Gap-4 and Gap-5 veins. The drilling defined a new vein between the Larch vein and the Gap veins, the Sycamore vein as well as a sixth

(6<sup>th</sup>) Gap vein, Gap-6. The drill holes also infilled the main vein structures of the South West deposit, upgrading and potentially increasing grades within the block model. Drilling north of the gabbro unit extended veins into an area where they had not been previously confirmed and modelled.

#### South West Deposit

The South West deposit (including the Gap and West Block areas) comprises a series of mineralized extensional veins and stockwork. The vein array and associated stockwork veining occur as stacked vein structures within Timiskaming sediments, adjacent to and south of the southern contact of a regional ENE striking banded iron formation unit (BIF).

The regional BIF has been traced for approximately 8 km, from west of the 55 deposit to the eastern boundary of the property. The Timiskaming sediments consist of a polymictic conglomerate unit, coarse lithic greywackes, weakly bedded medium to fine greywackes, bedded greywackes and argillites. The sedimentary bedding generally strikes northeast/southwest and dips steeply to the northwest or southeast. The South West deposit stratigraphy is cut by a major reverse fault (the Main Fault) which displaces the BIF and the north Timiskaming sediment-Tisdale ultramafic volcanic contact. The Main Fault trends 335° and dips 60° to the southwest.

Drilling to date has outlined twenty-four (24) northwest-trending extensional veins and associated stockwork at the South West deposit, including the Gap area east of the Main Fault. The twenty-four extensional vein arrays are now continuous from the Gap area to the Main Fault. The South West mineralized system of vein arrays is currently known to extend for 1.5 km along a northeast strike.

The vein and stockwork dip steeply to the southwest at 70°, with seventeen tree-named veins occurring in the central area and six Gap veins to the east in the Gap area. The veins and associated stockwork zones generally have an average width of approximately 3.0 m and up to 25 m in proximity to the regional BIF and have been modelled with a minimum width of 1.5 m. These mineralized structures generally occur 25 m to 40 m apart. The vein arrays and stockwork zones can be traced for over 400 m southeast from the southern regional BIF contact.

The vein structures and associated wider stockwork zones have been intersected at depths up to 1,200 m below surface and remain open down dip. The vein arrays are extensional quartz-pyrite veins and/or quartz-pyrite stock-work style veining with distinct narrow (mm to cm) ankerite-silica-sericite-pyrite alteration halos. Gold mineralization occurs associated with 1% to 3% pyrite in the veins and vein alteration halos, as well as visible gold. In some cases, a zone of quartz-pyrite veinlets occurs adjacent to the veins and hosts mineralization. The veins can be brecciated and occur as quartz matrix-supported vein breccia zones. The wider stockwork zones tend to be located within a coarser grained sandstone adjacent to the BIF.

#### West Block Target

The West Block area occurs as the faulted extension of the South West deposit mineralization located west of the Main Fault. The area was not included in the January 2019 resource estimate due to a lack of drill definition of zones. The drill program completed in Q2, 2019 was designed to drill define the structures hosting the known gold mineralization at West Block and enable the area to be included in the pending new mineral resource estimate update.

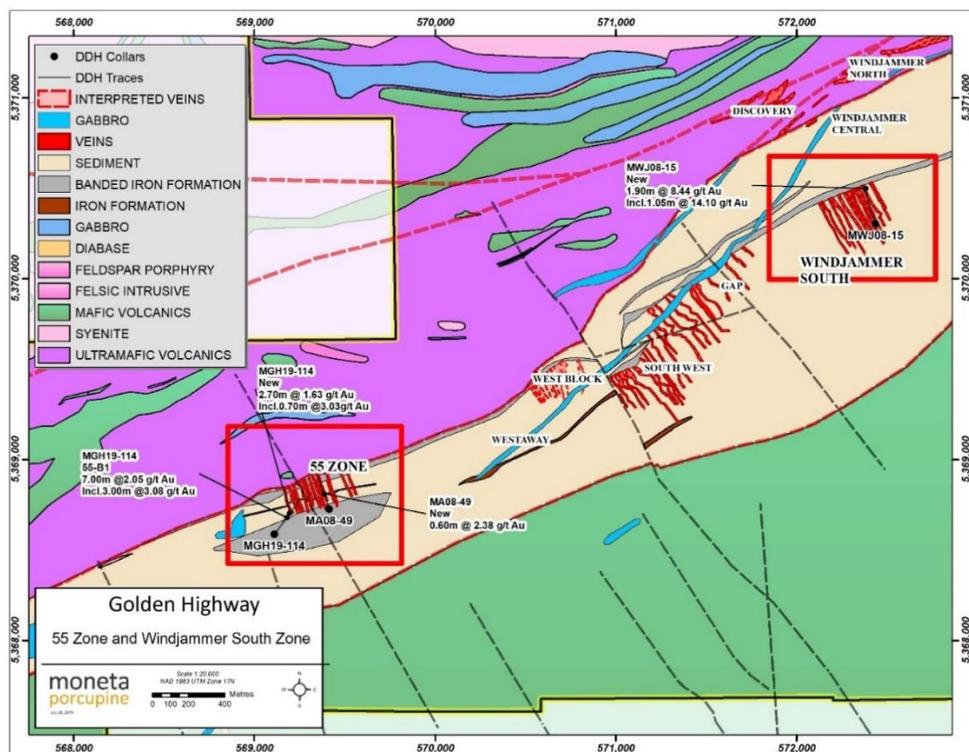
Within West Block a total of ten (10) veins have been defined by drilling which have been modelled and will be used as the basis of the pending resource update. The West Block area remains open to the west where well mineralized veins have been intersected but have insufficient drilling to show the continuity required for a resource estimate and the strike extensions to the south. The extensions will be tested in the recently commenced drill program due to be conducted over the winter of 2019/2020.

“55” and Windjammer South Deposits

During the quarter Moneta has also been focussing on generating new resource expansion potential on the 55 and Windjammer South deposits (see Figure 3). This program has resulted in an updated structural interpretation of the mineralized veins at both Windjammer South and 55, which are interpreted to be open to expansion and not fully drill defined. A drill program to test this potential, initially of up to 10,000 m, has been compiled and drilling was commenced late in the quarter. Results will be released over the coming quarter.

The “55” and Windjammer South deposits are located within a similar geological setting as the South West deposit. Gold mineralization has been defined as a series of mineralized vein structures and associated stockwork zones which occur adjacent to the regional banded iron formation “A” unit “BIF-A”. The NNW-SSE steeply west dipping and more ENE-WSW shallow north dipping but wider extensional vein structures occur as stacked veins and occur predominantly within a coarse grain sandstone that occurs adjacent to BIF-A. The vein structures have been traced for up to 350 m strike length, drilled to 1,000 m depth, occur up to 20 m wide and are spaced 20 m to 40 m apart. The steeply dipping veins average approximately 3.00 m width and the shallow dipping extensional veins average over 5.00 m wide.

The “55” deposit occurs 1.5 km west of the South West deposit and the Windjammer South deposit over 1.0 km to the east of the South West deposit. Both remain open to expansion and have not been drilled defined.



**Figure 3: “55” and Windjammer South; Geology and Drill Location Map**

West Block Extensions

The drilling program which commenced late in Q3, 2019 is also designed to test the expansion potential at West Block where additional mineralized veins are known to occur west of the area due to be included in the pending resource update. Drilling completed in the Q2, 2019 drill program at West Block intersected new veins which will not be included

in the new resource update due to insufficient data. This includes the WB-10 vein drilled in hole MGH19-121 which intersected 1.05 m @ 18.25 g/t Au (see press release ME PR 12-209, dated August 01, 2019). Drilling will test the continuity of the new veins and test for additional mineralization located between West Block and Westaway (Figure 2).

Westaway Target

The drill program which recently commenced in late Q3, 2019 will also test the Westaway target which occurs between West Block and 55 in a similar geological setting. Drilling at Westaway is designed to test the newly interpreted mineralization potential intersected in historical drilling which returned up to 6.30 m @ 5.80 g/t Au, including 1.50 m @ 10.42 g/t Au in hole MN-96-178 (see press release ME PR 18-2018, dated December 05, 2018) (Figure 2).

Halfway Target

Drilling which commenced in late Q3, 2019 is also designed to test for mineralization at the Halfway target area (See Figure 2). The drill program at Halfway is designed to test the mineralization potential intersected in historical hole MWJ11-43 which intersected 3.25 m @ 8.87 g/t Au, including 2.30 m @ 11.74 g/t Au (see press release ME PR 18-2018, dated December 05, 2018).

Golden Highway Resource

Micon International Limited (Micon) undertook an independent technical review of the mineral exploration completed on the Golden Highway Project by Moneta and prepared a mineral resource estimate for several of the deposits located on the property in January 2019 and detailed in an updated NI 43-101 technical report dated 29 February 2019. The resource is currently being updated to include extensions of the South West resource notably in the Gap and West Block areas.

Since the completion of a 2012 mineral resource estimate and Preliminary Economic Assessment, which examined the possibility of low-grade open pit bulk mining scenario at the project (Puritch et al., 2012), approximately 109,000 m of additional drilling on several targets had been performed by Moneta. This drilling and its results are described in the updated report and incorporated into a new geological interpretation and mineral resource estimate which anticipates higher-grade underground mining at a cut-off grade of 3.0 g/t Au.

**Table 4: Updated Golden Highway Mineral Resource Estimate – January 2019 (Micon International)**

Deposit Name	Indicated			Inferred		
	Tonnes (t)	Grade (g/t)	Ounces Au (oz)	Tonnes (t)	Grade (g/t)	Ounces Au (oz)
South West	2,007,000	4.63	298,900	5,583,000	4.21	755,800
Windjammer South	364,000	4.19	49,100	173,000	4.59	25,500
"55"	216,000	5.11	35,400	327,000	4.31	45,300
Discovery	-	-	-	108,000	4.12	14,300
Windjammer North	-	-	-	265,000	3.80	32,400
<b>Total</b>	<b>2,587,000</b>	<b>4.61</b>	<b>383,400</b>	<b>6,456,000</b>	<b>4.21</b>	<b>873,200</b>

**Notes:**

1. Mineral Resource Estimates are reported at a cut-off grade of 3.00 g/t Au for an underground mining scenario. The cut-off grade was calculated at a gold price of US\$1,250 per ounce and an exchange rate of USD\$/CDN\$ of 0.75.
2. The resource estimate is supported by statistical analysis with different high-grade capping applied to each of the deposits ranging from 13.0 g/t Au to 37.0 g/t Au on one (1) metre composites.
3. The mineral resources presented here were estimated with a block size of 5m x 5m x 10m utilizing sub-blocks as required and constrained within geological wire-frames with a minimum width of 1.50m. The cells are estimated by Ordinary Kriging using the appropriate variogram model of each structure with individual search ellipsoids generally varying from 70x70x20m to 100x100x20m within each structure.

4. The mineral resources presented here were estimated by Micon International using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards on Mineral Resources and Reserves definitions and guidelines.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market or other relevant issues.
6. Indicated Mineral resources were classified using a 50 m search ellipse and a minimum of three drill holes.
7. The quantity and grade of reported Inferred Resources are uncertain in nature and there has not been sufficient work to define these Inferred Resources as Indicated or Measured Resources.
8. There are no historical underground voids from mining including shafts, ramps or drifts in any of the deposit areas.
9. Tonnage estimates are based on bulk densities individually measured and calculated for each of the deposit areas, averaging 2.78 tonnes per cubic metre for the total resource. Resources are presented as undiluted and in situ.
10. This mineral resource estimate is dated January 16, 2019. The effective date for the drill-hole database used to produce this updated mineral resource estimate is November 19, 2018. Tonnages and ounces in the tables are rounded to the nearest thousand and hundred respectively. Numbers may not total due to rounding.
11. West Block mineral resources were not included due to a lack of drilling.
12. Additional details are provided in the NI 43-101 technical report dated 28 February 2019.

### **PORCUPINE AND NIGHTHAWK LAKE CAMPS**

During the third quarter of 2019 year, no new additional work was conducted on the Kayorum, North Tisdale, Nighthawk Lake, or Denton gold projects (see Figure 1). During the quarter a field mapping and sampling program was conducted on the DeSantis East project located south of Timmins. An historical mine shaft and two historical sampling trenches were located. Grab sampling of outcrops returned assays of up to 0.33 g/t Au and 0.10 g/t Au. Both samples consisted of quartz-carbonate veins hosted in fine-grained greywacke-argillite which exhibit weak to moderate pervasive carbonate alteration. The work was completed to meet assessment expenditure requirements.

## 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, Comprehensive Loss and Deficit, and Statements of Cash Flows for the nine months ended September 30, 2019.

### SIGNIFICANT EVENTS DURING Q3 2019

In July 2019, the Company completed a non-brokered equity financing for \$3,204,546 upon the issuance of 24,204,545 common shares comprised of (a) 6,363,635 shares at a price of \$0.11 per share and (b) 9,090,910 shares at a price of \$0.16 per share and 8,750,000 shares at a price of \$0.12 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through shares 'liability' of \$465,046 was reported. A total of 1,452,273 broker compensation warrants, exercisable at \$0.16 and expiring in July 2021, were issued in connection with the financing with an estimated fair value of \$15,468 using the Black Scholes valuation model.

In September 2019, the Company completed a non-brokered equity financing for \$3,000,000 upon the issuance of 20,170,455 common shares comprised of (a) 4,545,455 shares at a price of \$0.11 per share and (b) 15,625,000 shares at a price of \$0.16 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through shares 'liability' of \$781,250 was reported.

During Q1 2019, the Company granted 1,000,000 stock options to directors, officers and employees at an average exercise price of \$0.12. The estimated fair value, with a three year term and immediate vesting periods, was \$47,520 using the Black Scholes valuation model.

During Q3 2019, the Company granted 550,000 stock options to directors, officers and employees at an average exercise price of \$0.13. The estimated fair value, with a three year term and immediate vesting periods, was \$24,202 using the Black Scholes valuation model.

## CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Consolidated Statements of Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the nine months ended September 30, 2019 and the corresponding notes thereto.

All references to “Q3 2019” or “Q3 2018” relate to the three month periods ended September 30 of those years unless stated otherwise. All references to “YTD 2019” or “YTD 2018” relate to the nine month periods ended September 30 of those years unless stated otherwise.

Moneta has not generated any material operating revenues as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported a loss and comprehensive loss of \$692,477 in Q3 2019 (YTD 2019: \$1,989,631) as compared to earnings of \$795,685 in Q3 2018 (YTD 2018: \$3,025,566). The variation period over period primarily relates to a \$513,000 decline in exploration and evaluation expenditures and the non-cash 'deferred premium on flow-through shares' of \$533,333 transferred from the statement of consolidated financial position to a deferred tax recovery on the consolidated statement of loss and comprehensive loss and deficit upon the renunciation of flow-through expenditures, in the normal course, in Q1 2019.

Exploration and evaluation expenditures were \$538,270 in Q3 2019 (YTD 2019: \$2,138,992) and relate to exploration activities including drilling, modeling, and target generation efforts on the *Golden Highway* project, as compared to \$642,638 in Q3 2018 (YTD 2018: \$2,652,489). Further details are presented in the following table:

Periods ended September 30,	Three months				Nine months			
	2019		2018		2019		2018	
	\$		\$		\$		\$	
Drilling and Geophysics	175,839	33%	167,982	26%	1,015,038	47%	922,366	35%
Lab assay costs	42,804	8%	130,732	20%	153,605	7%	538,546	20%
Wages, benefits and contract labour	300,419	55%	334,883	53%	932,206	44%	1,095,874	41%
Other	19,208	4%	9,041	1%	38,143	2%	95,703	4%
Exploration and evaluation expenditures	538,270		642,638		2,138,992		2,652,489	

Share based compensation charges, related to options vested during the period, were \$47,160 in Q3 2019 (YTD 2019: \$92,061) as compared to \$18,707 in Q3 2018 (YTD 2018: \$64,053). Wages and benefits were \$50,000 in Q3 2019 (YTD 2019: \$155,659) unchanged from \$49,800 in Q3 2018 (YTD 2018: \$155,412). General & administration expenses declined period over period at \$53,549 in Q3 2019 (YTD 2019: \$138,987) as compared to \$72,478 in Q3 2018 (YTD 2018: \$153,903). Legal and audit expenses were \$31,689 in Q3 2019 (YTD 2019: \$79,419), down quarter over quarter and up YTD period over period from \$37,905 in Q3 2018 (YTD 2018: \$69,400).

Other income was \$15,568 in Q3 2019 (YTD 2019: \$55,805) as compared to \$15,912 in Q3 2018 (YTD 2018: \$49,265) representing royalty income from a perlite operation. Interest income was \$12,623 in Q3 2019 (YTD 2019: \$26,349) as compared to \$9,931 in Q3 2018 (YTD 2018: \$20,426), representing interest earned on lower cash balances period over period.

### CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the Consolidated Statements of Financial Position and Statements of Changes in Shareholders' Equity as at September 30, 2019 and the corresponding notes thereto.

#### Consolidated assets

Consolidated assets were \$7,680,857 at September 30, 2019 as compared to \$4,160,039 as at December 31, 2018. Cash in bank was \$5,337,865 at September 30, 2019 as compared to cash and equivalents of \$1,974,176 at December 31, 2018. Receivables, primarily comprised of royalty income receivable, were \$15,436 at September 30, 2019 as compared to \$15,000 as at December 31, 2018. Sales taxes recoverable were \$194,923 at September 30, 2019 as compared to \$90,854 at December 31, 2018. Interest receivable on short term investments was \$5,683 at September 30, 2019 as compared to \$2,702 as at December 31, 2018.

Exploration and evaluation assets were \$2,098,396 at September 30, 2019 as compared to \$2,057,346, at December 31, 2018, representing the capitalization of project acquisition costs. Exploration expenditures are expensed to the consolidated statements of loss (earnings), comprehensive loss (earnings) and deficit.

#### **Consolidated liabilities**

Consolidated liabilities at September 30, 2019 were \$1,516,498 as compared to \$744,706 at December 31, 2018 and comprised of accounts payable and accrued liabilities of \$270,202 at September 30, 2019 as compared to \$211,373 at December 31, 2018, and \$1,246,296 in deferred premium on flow-through shares 'liability' (see below) at September 30, 2019 as compared to \$533,333 at December 31, 2018.

The common shares issued in the July 2019 equity financing were reported as a \$3,204,546 increase in capital stock, offset by a \$465,046 increase in non-cash deferred premium on flow-through shares 'liability', reflecting the premium of \$0.16 and \$0.12 in flow-through share proceeds received over the share price of \$0.11 per share at closing.

The common shares issued in the September 2019 equity financing were reported as a \$3,000,000 increase in capital stock, offset by a \$781,250 increase in non-cash deferred premium on flow-through shares 'liability', reflecting the premium of \$0.16 in flow-through share proceeds received over the share price of \$0.11 per share at closing.

The common shares issued in the June 2018 equity financing were reported as a \$3,000,000 increase in capital stock, offset by a \$400,000 increase in non-cash deferred premium on flow-through shares 'liability', reflecting the premium of \$0.15 in flow-through share proceeds received over the share price of \$0.13 per share at closing. The common shares issued in the December 2018 equity financing were reported as a \$500,000 increase in capital stock, offset by a \$133,333 increase in non-cash deferred premium on flow-through shares 'liability', reflecting the premium of \$0.15 in flow-through share proceeds received over the share price of \$0.11 per share at closing. This \$533,333 in deferred premium on flow-through shares 'liability' from the June 2018 and December 2018 financings was transferred from the statement of financial position to a deferred tax credit on the consolidated statements of loss, comprehensive loss and deficit when the flow through expenditures were renounced, in the normal course, in Q1 2019.

#### **Shareholders' equity**

Shareholders' equity was \$6,164,359 at September 30, 2019 as compared to \$3,415,333 at December 31, 2018. The change is primarily due to the \$6,204,546 in non-brokered equity financings completed during the period (see below) offset by the loss and comprehensive loss for the nine months ended September 30, 2019 of \$1,989,631, which includes the non-cash deferred tax credit of \$533,333 reversal of the deferred premium on flow-through shares 'liability'.

In July 2019, the Company completed a non-brokered equity financing for \$3,204,546 upon the issuance of 24,204,545 common shares comprised of (a) 6,363,635 shares at a price of \$0.11 per share and (b) 9,090,910 shares at a price of \$0.16 per share and 8,750,000 shares at a price of \$0.12 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures. A non-cash deferred premium on flow-through shares 'liability' of \$465,046 was reported representing the premiums of \$0.16 and \$0.12 received over the closing price of \$0.11 on the shares issued on a flow-through basis. A total of 1,452,273 broker compensation warrants, exercisable at \$0.16 and expiring in July 2021, were issued in connection with financing. The estimated fair value, with a two year term was \$15,468 using the Black Scholes valuation model. The weighted average grant date fair value was \$0.01 per broker compensation warrant. The underlying assumptions used in the estimation of the fair values were, as follows: risk free rate: 1.50%, term: 2 years, expected volatility: 37.7%, expected dividend yield: 0.00%, and forfeiture rate: 0.00%.

In September 2019, the Company completed a non-brokered equity financing for \$3,000,000 upon the issuance of 20,170,455 common shares comprised of (a) 4,545,455 shares at a price of \$0.11 per share and (b) 15,625,000 shares at a price of \$0.16 per share, issued on a flow-through basis to be used to incur eligible Canadian exploration expenditures.

A non-cash deferred premium on flow-through shares 'liability' of \$781,250 was reported representing the premium of \$0.16 received over the closing price of \$0.11 on the shares issued on a flow-through basis.

### LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Consolidated Statements of Financial Position as at September 30, 2019 and the corresponding notes thereto.

The consolidated working capital ratio at September 30, 2019 was 21 : 1 as compared to working capital ratio of 10 : 1 at December 31, 2018, excluding the non-cash deferred premium on flow-through shares 'liability' of \$1,246,296 at September 30, 2019 and \$533,333 at December 31, 2018. At September 30, 2019, the Company held cash in bank of \$5,337,865 (December 31, 2018: \$1,974,176 in cash and equivalents), receivables of \$15,436 (December 31, 2018: \$15,000), sales taxes recoverable of \$194,923 (December 31, 2018: \$90,854), and short term interest receivable of \$5,683 (December 31, 2018: \$2,702).

Current liabilities at September 30, 2019 included accounts payable and accrued liabilities of \$270,202 (December 31, 2018: \$211,373) and related to expenses incurred during the period and payable in the normal course. The non-cash deferred premium on flow through share 'liability' of \$1,246,296 will reverse to a deferred tax credit on the Statement of Loss and Comprehensive Loss in Q1 2020 upon the renunciation of exploration expenditures in the normal course (\$533,333 reversed in Q1 2019 related to the June 2018 and December 2018 equity financings).

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 nine months ended September 30, 2019.

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

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

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

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

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

### **TRANSACTIONS WITH RELATED PARTIES**

The Company paid a salary of \$50,000 in Q3 2019 (Q3 2018: \$50,000) (YTD 2019: \$150,000 / YTD 2018: \$150,000) to an officer and director for CEO and Chief Geologist services provided to the Company under an ongoing employment agreement. In Q1 2019, a total of 1,000,000 (YTD 2018: Nil) stock options were issued to the CEO and Chief Geologist. The Company paid a salary of \$50,000 in Q3 2019 (Q3 2018: \$50,000) (YTD 2019: \$150,000 / YTD 2018: \$150,000) to an officer and director for the nine months ended September 30, 2019 for President and CFO and other services provided to the Company under an ongoing employment agreement. There were no cash director fees during the period (YTD 2018: \$NIL). There were no loans to directors or officers during the period (YTD 2018: \$NIL). All related party transactions were completed in the normal course of business.

### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

The CEO and CFO evaluated the design and operating effectiveness of the Company’s DC&P and ICFR as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* issued by the Canadian Securities Administrators. Based on that evaluation, it was concluded that as of September 30, 2019, 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 September 30, 2019. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR as at September 30, 2019.

### **CRITICAL ACCOUNTING ESTIMATES**

Moneta’s significant accounting policies are summarized in note 3 to the consolidated financial statements for the year ended December 31, 2018. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates include, but are not limited to, the determination of carrying value of exploration and evaluation assets, the valuation of share-based compensation transactions, the valuation of purchase warrants issued on financings, deferred income tax assets and liabilities, and accrued liabilities and contingencies. Estimates and assumptions are regularly evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

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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, Comprehensive Loss 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.

**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**

There were no changes in accounting policies during the period.

## **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 fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

The fair value of cash, receivables, interest receivable, and sales taxes recoverable, accounts payable and accrued liabilities, are approximate their carrying amounts due to their short term maturities.

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 September 30, 2019 was \$5,553,907 (December 31, 2018: \$2,082,732), and was comprised of \$5,337,865 (December 31, 2018: \$1,974,176) in cash held with Canadian financial institutions with an "AA-" credit rating, \$15,436 (December 31, 2018: \$15,000) in receivables, \$194,923 (December 31, 2018: \$90,854) in sales taxes recoverable, and \$5,683 (December 31, 2018: \$2,702) in interest receivable.

### **Market risk**

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

#### *Currency risk*

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

The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States ("US") dollars. The Company

has no US dollar hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

*Commodity price risk*

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

*Interest rate risk*

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

*Liquidity risk*

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

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

## **CONTINGENT LIABILITIES**

*Civil lawsuits*

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

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

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

## **OUTSTANDING SHARE DATA**

As at September 30, 2019, the Company had a total of 311,205,482 (December 31, 2018: 266,830,482) common shares outstanding, 17,250,000 (December 31, 2018: 16,600,000) stock options outstanding at an average exercise price of \$0.19 per share (December 31, 2018: \$0.20), and 1,452,273 broker compensation warrants (December 31, 2018: Nil). Additional details are available in note 6 to the consolidated financial statements for the nine months ended September 30, 2019.