MONETA PORCUPINE MINES INC.

Interim Consolidated Financial Statements
and
Management Discussion and Analysis

For the three months ended March 31, 2011

Q1 2011

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MONETA PORCUPINE MINES INC.

Interim Consolidated Financial Statements

For the three months ended March 31, 2011

Q1 2011

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

MONETA PORCUPINE MINES INC.

Interim Consolidated Statements of Financial Position

UNAUDITED

As at	Notes	March 31, 2011	December 31, 2010 (Note 10)	January 1, 2010 (Note 10)
Current assets				
Cash and equivalents		**7,195,565**	1,389,019	4,654,189
Prepaid expenses		**34,627**	26,206	20,854
Other receivables		**500,818**	340,707	58,151
Total current assets		**7,731,010**	1,755,932	4,733,194
Investments held for trading		**10,236**	11,167	71,190
Exploration and evaluation assets	**3**	**1,642,018**	1,625,633	1,617,715
		9,383,264	3,392,732	6,422,099
Current liabilities				
Accounts payable and accrued liabilities		**1,294,228**	536,529	484,411
Deferred premium on flow-through shares	**4**	**1,600,000**	-	1,200,000
Total current liabilities		**2,894,228**	536,529	1,684,411
Contingent liabilities	**7**			
Shareholders' equity				
Capital stock	**4**	**34,856,061**	29,445,522	27,841,698
Contributed surplus		**1,823,007**	2,308,461	2,730,369
Deficit		**(30,190,032)**	(28,897,780)	(25,834,379)
Total shareholders' equity		**6,489,036**	2,856,203	4,737,688
		9,383,264	3,392,732	6,422,099

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

MONETA PORCUPINE MINES INC.

Interim Consolidated Statements of Changes In Shareholders' Equity

UNAUDITED

	Capital Stock Shares	Capital Stock $	Contributed Surplus	Other Comprehensive Loss (Earnings)	Deficit	Shareholders' Equity
Balance as at January 1, 2010	**126,690,027**	**27,841,698**	**2,730,369**	**-**	**(25,834,379)**	**4,737,688**
Exercise of stock options	520,000	74,200				74,200
Deferred tax benefits renounced on flow-through shares		(308,500)				(308,500)
Deferred premium on flow-through shares		(1,200,000)	-		1,200,000	-
Equity settled transactions - warrants		645,463	(645,463)			-
Net earnings (loss) and comprehensive earnings (loss)					(1,465,151)	(1,465,151)
Balance as at March 31, 2010	**127,210,027**	**27,052,861**	**2,084,906**	**-**	**(24,899,530)**	**4,238,237**
Private placement financing	7,500,000	1,500,000				1,500,000
Share issuance costs		(63,021)				(63,021)
Exercise of stock options and reversal of contributed surplus	3,966,738	680,095	(373,009)			307,086
Exercise of warrants and reversal of contributed surplus	3,579,117	1,000,228	(355,987)			644,241
Fair value of purchase warrants on financing		(532,515)	532,515			-
Equity settled transactions - warrants		(202,222)	202,222			-
Shared based compensation on vested options		10,096				10,096
Stock-based compensation on vested stock options			217,814			217,814
Net earnings (loss) and comprehensive earnings (loss)					(3,998,250)	(3,998,250)
Balance as at December 31, 2010	**142,255,882**	**29,445,522**	**2,308,461**	**-**	**(28,897,780)**	**2,856,203**
Private placement financing	**14,285,714**	**5,000,000**				**5,000,000**
Share issuance costs		**(215,074)**				**(215,074)**
Exercise of stock options and reversal of contributed surplus	**765,500**	**190,744**	**(73,574)**			**117,170**
Exercise of warrants and reversal of contributed surplus						**-**
Equity settled transactions - warrants		**434,869**	**(434,869)**			**-**
Income tax benefits renounced on flow through shares						**-**
Shared based compensation on vested options			**22,989**			**22,989**
Net earnings (loss) and comprehensive earnings (loss)					**(1,292,252)**	**(1,292,252)**
Balance as at March 31, 2011	**157,307,096**	**34,856,061**	**1,823,007**	**-**	**(30,190,032)**	**6,489,036**

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

MONETA PORCUPINE MINES INC.

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

UNAUDITED

For the three months ended March 31,	Notes	2011 $	2010 $ (Note 10)
Expenses			
Exploration and evaluation expenditures	3	**1,142,010**	1,659,165
Stock-based compensation	4	**22,989**	-
Management fees		**50,000**	12,706
General & administration		**36,911**	40,927
Legal & audit		**14,236**	7,351
Unrealized loss (gain) on investments held for trading		**931**	35,595
Travel and promotion		**30,251**	18,454
Other income		**(3,281)**	-
Interest income		**(1,795)**	(547)
Loss before income taxes		**1,292,252**	1,773,651
Deferred taxes	5	**-**	(308,500)
Net loss (earnings) and comprehensive loss (earnings)		**1,292,252**	1,465,151
Deficit - beginning of period		**28,897,780**	25,834,379
Deficit - end of period		**30,190,032**	27,299,530
Loss (earnings) per share (basic and diluted)		**$0.01**	$0.01
Weighted average outstanding shares		**143,684,453**	126,701,360

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

MONETA PORCUPINE MINES INC.

Interim Consolidated Statements of Cash Flows

UNAUDITED

For the three months ended March 31,	2011 $	2010 $ (Note 10)
Operating activities		
Net (loss) earnings and comprehensive (loss) earnings	**(1,292,252)**	(1,465,151)
Add : non-cash items		
Deferred premium on flow-through shares (note 4)	**-**	1,200,000
Unrealized loss (gain) on investments held for trading	**931**	35,595
Stock-based and other compensation	**22,989**	-
Deferred taxes	**-**	(308,500)
Net change in non-cash working capital balances	**2,189,167**	(1,207,024)
Cash provided from (used in) operating activities	**920,835**	(1,745,080)
Investing activities		
Evaluation and exploration assets	**(16,385)**	-
Cash provided from (used in) investing activities	**(16,385)**	-
Financing activities		
Issuance of common shares on exercise of stock options and warrants	**117,170**	74,200
Issuance of common shares, net of issue costs	**4,784,926**	-
Cash provided from (used in) financing activities	**4,902,096**	74,200
Net increase (decrease) in cash and equivalents	**5,806,546**	(1,670,880)
Cash and equivalents, beginning of period	**1,389,019**	4,654,189
Cash and equivalents, end of period	**7,195,565**	2,983,309
Interest paid during the period	**3**	39
Income taxes paid during the period	**-**	-
Common shares issued to acquire mineral properties	**-**	-

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

1. Nature of operations

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

These unaudited interim consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from March 31, 2011. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance it exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. Significant accounting policies

Basis of presentation

These are the Company's first interim consolidated financial statements prepared in accordance with IFRS applicable to the preparation of interim financial statements, including *International Accounting Standards 34: Interim Financial Reporting* ("***IAS 34***") and *IFRS 1: First-time Adoption of International Financial Reporting Standards* ("***IFRS 1***"), as adopted by the *International Accounting Standards Board* ("***IASB***").

The Company's IFRS accounting policies are presented in this note below. They have been applied in preparing the interim consolidated financial statements for the period ended March 31, 2011, the comparative information and the opening statement of financial position as at January 1, 2010 transition date ("**Transition Date**").

The Company applied *IFRS 1* in preparing these first IFRS interim consolidated financial statements. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are outlined in note 10.

The accounting policies applied in these interim consolidated financial statements are based on IFRSs issued and outstanding as of June 14, 2011, the date the Board of Directors approved these interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in the restatement of these interim consolidated financial statements, including the transition adjustments recognized on the change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian generally accepted accounting principles ("**Canadian GAAP**") annual consolidated financial statements for the year ended December 31, 2010. Note 10 discloses the IFRS adjustments made to these previously published Canadian GAAP consolidated financial statements for the year ended December 31, 2010.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and the assets, liabilities, revenues and expenses of its wholly-owned subsidiaries: Wounded Bull Resources Inc. and 508825 Ontario Ltd. The subsidiaries have very limited operations and are planned to be wound up.

Critical accounting estimates and judgments

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. 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.

Presentation and functional currency

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

Foreign currency translation

The functional currency of the subsidiary Wounded Bull is the US dollar and the temporal method of foreign currency translation is applied as Wounded Bull is considered to be an integrated foreign operation. Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings), except for differences arising on the translation of available for sale equity instruments that are recorded in other comprehensive income.

Financial instruments

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

Cash and equivalents

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

Other receivables

Other receivables are initially recognized at fair value and classified as loans and receivables measured at amortized cost, less a provision for impairment reviewed at the end of each period.

Investments

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

Accounts payable and accrued liabilities

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

Exploration and evaluation assets

Exploration and evaluation assets include the acquisition costs and deferred exploration and evaluation expenditures of the Company's 'green fields' exploration properties.

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

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

Asset retirement obligations

Asset retirement obligations are legal and/or constructive obligations. These obligations include, but are not limited to, the retirement of exploration and evaluation assets such as restoration, reclamation and re-vegetation of affected areas. The Company records the estimated fair value of a liability, and corresponding increase in the related property, for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation transaction and, in the absence of observable market transactions, is determined as the present value of expected cash flows. The Company subsequently allocates the cost of the asset retirement to expense using a systematic and rational method over its useful life, and records the accretion of the liability as a charge to the Consolidated Statements of Net Loss (Earnings), Comprehensive Loss (Earnings).

Impairment of long-lived assets

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

To determine whether a long-lived mining asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings).

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings). The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Share-based compensation transactions

Stock options

The fair value of stock options granted to directors, officers, employees and consultants is measured at grant date using the Black-Scholes valuation model using assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, expected forfeitures and expected life of the options. The fair value of this share-based payment is recognized as a charge to the Consolidated Statements of Net

Loss (Earnings) and Comprehensive Loss (Earnings) with a corresponding credit to shareholders' equity on the Consolidated Statement of Financial Position.

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method. The fair value of each vested tranche is measured using Black Scholes using assumptions at the time of vesting.

Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Provisions

Provisions are recognized for liabilities of uncertain timing when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized and treated as a separate asset when it is virtually certain that reimbursement will be received if the Company settles the obligation.

Contingencies

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

Flow-through shares

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

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

Income taxes

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

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

The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted. Deferred income taxes related to flow-though share tax deductions are recognized in the year in which they are renounced.

Revenue recognition

Revenue is recognized when all significant acts have been completed, when it is probable that the economic benefits will flow to the Company, when the revenue can be reliably measured, and when collection is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable. Interest income is accrued as earned.

Earnings (loss) per share

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

Recent Accounting Pronouncements

A number of new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these interim consolidated financial statements. Management does not currently expect that the implementation of these new standards and amendments will have a significant effect on the interim consolidated financial statements of the Company, except for *IFRS 9: Financial Instruments ("**IFRS 9**")*, which will become mandatory for the Company's 2013 consolidated financial statements and is expected to impact the classification and measurement of the Company's financial assets. The extent of the impact has not yet been determined.

3. Exploration and evaluation assets

	Three months ended March 31, 2011	Year ended December 31, 2010
	$	$
Acquisition costs		
Balance, beginning of period	**1,625,634**	1,617,716
Acquisition costs	**16,384**	7,918
Balance, end of period	**1,642,018**	1,625,634

	Acquisition costs		
	Opening January 1, 2011	**Additions**	**Closing March 31, 2011**
Golden Highway Project	1,616,021	6,891	**1,622,912**
North Tisdale	1,022	3,719	**4,741**
Kayorum	7,400	2,920	**10,320**
Nighthawk Lake	1,191	2,009	**3,200**
Denton Thorneloe	-	845	**845**
	1,625,634	**16,384**	**1,642,018**

Exploration and evaluation expenditures of $1,142,010 (Q1 2010 – $1,465,151) were charged to the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) for the period.

4. Capital stock

Authorized share capital

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

Capital stock transactions during the period

In March 2011, the Company completed a non-brokered private placement financing for $6.6 million and issued 11,428,571 common shares on a structured flow-through basis at $0.49 per share for gross proceeds of $5,600,000 and 2,857,143 common shares at $0.35 for gross proceeds of $1,000,000. The $6.6 million in aggregate gross proceeds was reported as a $5 million increase in capital stock and a $1.6 million increase in deferred premium on flow-through shares, reflecting the premium received on the structured flow-through financing. Share issue costs associated with this financing were $199,000.

In October 2010, Moneta completed a non-brokered private placement financing (“Placement”) and issued 7,500,000 Units at $0.20 per Unit for aggregate gross proceeds of $1,500,000. Each Unit was comprised of a one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one common share at an exercise price of $0.35 for a term of eighteen months following the closing of the Placement. The initial estimated fair value of these Warrants was $532,515 using the Black Scholes model and was charged as reduction in share capital on the Balance Sheet and credited to contributed surplus in shareholders’ equity. The weighted average fair value amounted to $0.071 per Warrant. Share issue costs associated with this financing were $63,021.

During the period, directors, officers, employees and consultants exercised 765,500 (December 31, 2010 - 4,486,738) stock options for total gross proceeds of $117,170 (December 31, 2010 - $381,286). The fair value of $73,574 (December 31, 2010 - $373,009), related to the exercised stock options and previously charged to contributed surplus, was reversed to share capital.

In December 2010, the Company issued 3,579,117 common shares on the exercise of purchase warrants at an exercise price of $0.18 for total gross proceeds of $644,241. The fair value of $355,987 related to the exercised warrants and previously charged to contributed surplus was reversed to share capital.

Stock options

The Company has established a stock option plan whereby the Board of Directors may grant options to directors, officers, employees, and consultants to acquire common shares of the Company. The maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Options granted have a maximum term of five years and vest immediately or over time at the discretion of the Board. The following table summarizes the outstanding stock options:

	Three months ended March 31, 2011		Year ended December 31, 2010	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
Outstanding, beginning of period	**$0.20**	**4,009,906**	$0.11	7,266,644
Transactions during the period:				
Granted [1]	-	-	0.29	2,250,000
Options exercised [2]	**0.15**	**(765,500)**	0.08	(4,486,738)
Expired [3]	-	-	0.27	(1,020,000)
Outstanding, end of period	**$0.21**	**3,244,406**	$0.20	4,009,906
Exercisable, end of period	**$0.20**	**2,927,734**	$0.19	3,597,402

(1) During fiscal 2010, the Company granted 2,250,000 stock options to directors, officers, and consultants. The estimated fair value of these options, subject to immediate vesting or vesting over one to three year periods, was $217,814 for the year using the Black Scholes model and was charged as stock-based compensation to the consolidated statements of net loss (earnings), comprehensive loss (earnings) and deficit and credited to contributed surplus in shareholders' equity. The weighted average grant date fair value amounted to $0.29 per option. The underlying assumptions used in the estimation of fair value in the Black Scholes model are as follows:

Risk free rate	0.5%-1.5%
Expected life	5 years (based on option term)
Expected volatility	88%-89%
Expected dividend yield	0.00%
Forfeiture rate	0.00%

(2) During the period, directors, officers and consultants exercised 765,500 (2010 – 4,486,738) stock options at an average exercise price of $0.15 (2010 - $0.08) for total gross proceeds of $117,170 (2010 - $381,286). The fair value of $73,574 (2010 – $373,009) related to the exercised stock options and previously charged to contributed surplus was reversed to share capital.

(3) During fiscal 2010, following the departures of a director and a former employee, a total of 1,020,000 stock options, with an average exercise price of $0.27, expired unexercised.

The estimated fair value of 95,832 (2010 – Nil) stock options vested during the period was $22,989 (Q1 2010 – Nil) using the Black Scholes model and was charged as stock-based compensation to the consolidated statements of net loss (earnings), comprehensive loss (earnings) and deficit and credited to contributed surplus in shareholders' equity. The underlying assumptions used in the estimation of fair value in the Black Scholes model are as follows:

Risk free rate	2.0%
Remaining life	2.1 - 4.5 years (based on option term)
Expected volatility	50%-83%
Expected dividend yield	0.00%
Forfeiture rate	0.00%

Warrants

	Exercise Price	Expiry Date	Three months ended March 31, 2011 #	Year ended December 31, 2010 #
Outstanding, beginning of period				
Warrants outstanding	$0.18	January 2011	-	4,169,117
Warrants outstanding	$0.45	June 2011	6,000,000	6,000,000
Warrants outstanding	$0.35	April 2012	7,500,000	-
			13,500,000	10,169,117
Issued during the period				
October 2010 financing	$0.35	April 2012	-	7,500,000
			-	7,500,000
Exercised during the period	$0.18	January 2011	-	(3,579,117)
Expired during the period	$0.18	January 2011	-	(590,000)
			13,500,000	13,500,000
Outstanding, end of period:				
Warrants outstanding	$0.45	June 2011	6,000,000	6,000,000
Warrants outstanding	$0.35	April 2012	7,500,000	7,500,000
			13,500,000	13,500,000

5. Income taxes

The Company's effective tax rate, which differs from the combined federal and provincial statutory income tax rate of 25% for the period ended March 31, 2011 (2010 – 25%), has been reconciled as follows:

	March 31, 2011 $	December 31, 2010 $ (Restated under IFRS)	January 1, 2010 $ (Restated under IFRS)
Income tax (recovery) provision at statutory rates	323,063	1,442,975	2,017,162
Increase (decrease) related to:			
Stock-based compensation	5,747	56,978	50,470
Realized (gain) loss on disposition of mineral property	-	-	(22,800)
Unrealized (gain) loss on investments held for trading	233	15,006	(3,246)
Realized (gain) loss on investments held for trading	-	-	(1,639)
Other	(7,102)	(19,193)	(18,581)
	321,941	1,495,765	2,021,366
Losses forward - applied (not tax benefited)	(321,941)	(1,495,765)	(2,021,366)
Add: Deferred tax benefits renounced on flow-through shares [1]	-	(308,500)	(40,600)
Deferred tax recovery	-	(308,500)	(40,600)

[1] In March 2010, the Company renounced $6,034,000 of expenditures on flow-through common shares issued in 2009, resulting in a $308,500 reduction in share capital, including a $1,200,000 reduction in deferred premium on flow-though shares, and corresponding decrease to deferred tax assets. The Company has not recognized its deferred tax assets, and the $308,500 was recorded as a deferred tax recovery on the consolidated statements of net loss (earnings), comprehensive loss (earnings) and deficit.

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

	March 31, 2011 **$**	December 31, 2010 $ (Restated under IFRS)	January 1, 2010 $ (Restated under IFRS)
Deferred tax assets:			
Net operating loss carry forwards	**1,340,000**	970,000	1,045,000
Resource deductions	**3,006,000**	3,010,000	2,460,000
Other	**149,000**	103,000	108,000
	4,495,000	4,083,000	3,613,000
Less: Valuation allowance	**(1,489,000)**	(1,073,000)	(2,568,000)
	3,006,000	3,010,000	1,045,000
Deferred tax liabilities:			
Resource deductions	**(3,006,000)**	(3,010,000)	(1,045,000)
	-	-	-

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

The Company has non-capital losses of $5,359,000 (2010 - $5,359,000) available for deduction against future taxable income, the balances of which will expire as follows:

Year	**2011** **$**	2010 $ (Restated under IFRS)
2014	**325,000**	325,000
2015	**241,000**	241,000
2026	**307,000**	307,000
2027	**317,000**	317,000
2028	**652,000**	652,000
2029	**542,000**	542,000
2030	**2,975,000**	2,975,000
	5,359,000	5,359,000

The potential tax benefit of the above losses has not been recognized in these consolidated financial statements. The Company has approximately $3,050 (2010 – $3,050) in capital losses available to apply against future capital gains.

6. Related party transactions

The Company recorded fees of $50,000 (2010 - $50,000) to related individuals and companies controlled by officers or consultants for the three month period ended March 31, 2011. The fees were for management and consulting services provided to the Company under ongoing contracts. Directors' fees of $10,000 were charged during the period and remain payable at the end of the period. All related party expenditures were in the normal course of business at the exchange amounts.

7. Contingent liabilities

Order to file closure plan on Moneta Mine

The Mining and Lands Commissioner notified the Company in 2010 that its appeals of the 2001 and 2004 Orders to file a closure plan on the former Moneta Mine were dismissed and that a closure plan was to be filed. The Company is undertaking necessary steps to submit a closure plan by the July 31, 2011 deadline.

The Company's geotechnical consultant has prepared a plan to identify and evaluate the former mine hazards and the Company has commenced the necessary geotechnical drilling. Although beyond the scope of work required by the Order, the Company has elected to undertake progressive rehabilitation of the mine hazards, where feasible.

Upon submission of the closure plan, the Company will be required to provide normal course financial assurance for mine hazards where progressive rehabilitation is not currently possible, but may be required in future. The financial assurance, not expected to be significant but unknown until the geotechnical assessment of the mine hazards is completed, is payable in cash and/or a letter of credit to the Ministry of Northern Development Mining and Forestry.

These consolidated financial statements include a provision of $70,000 (2009 – $70,000) which the Company believes to be adequate to cover the costs of the Order.

Civil lawsuits

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

8. Capital Management

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the three month period ended March 31, 2011.

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

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

9. Financial instruments and risk management

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

Fair Value

The carrying values for primary financial instruments, including Cash and equivalents, Other receivables, and Accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions.

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

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

Credit risk

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

The Company's exposure to credit risk is concentrated in two specific areas: the credit risk on operating balances including Other receivables, primarily comprised of HST recoverable, and Cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at March 31, 2011 was $7,696,383 (December 31, 2010 - $1,729,726), and was comprised of $500,818 (December 31, 2010 - $340,707) in Other receivables primarily comprised of HST recoverable, and $7,195,565 (December 31, 2010 - $1,389,019) in Cash and equivalents held with Canadian financial institutions with a "AA" credit rating.

Market risk

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

Currency risk

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

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

Commodity price risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

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

Sensitivity Analysis

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

10. First time adoption of IFRS

These are the Company's first unaudited interim consolidated financial statements prepared in accordance with IFRS. IFRS accounting policies are presented in Note 2 and have been applied in preparing the unaudited interim consolidated financial statements for the three months ended March 31, 2011, the comparative information for the three months ended March 31, 2010, the financial statements for the year ended December 31, 2010 and the preparation of an opening IFRS statement of financial position on the January 1, 2010 Transition Date.

In preparing its opening IFRS statement of financial position, comparative information for the three months ended March 31, 2010 and financial statements for the year ended December 31, 2010, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP.

Guidance for the first time adoption of IFRS is set out in *IFRS 1*, which provides for certain mandatory exceptions and optional exemptions for initial adoption of IFRS. The Company has elected to apply the following *IFRS 1* optional exemptions:

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply *IFRS 2: Share-based Payment ("**IFRS 2**")*, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected to apply the requirements of *IFRS 2* only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Cumulative translation differences

IFRS 1 permits cumulative translation differences to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with *IAS 21: The effects of changes in foreign exchange rates*, from the date a subsidiary was formed or acquired. The Company elected to reset all cumulative translation differences to zero and adjusted opening deficit at the Transition Date.

An explanation of how the transition from the previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables:

The Canadian GAAP Consolidated Statement of Financial Position as at January 1, 2010 has been reconciled to IFRS as follows:

As at January 1, 2010	Notes	Balance under GAAP	IFRS Adjustments	Balance under IFRS
Current assets				
Cash and equivalents		4,654,189		4,654,189
Prepaid expenses		20,854		20,854
Other receivables		58,151		58,151
Total current assets		4,733,194	-	4,733,194
Investments held for trading		71,190		71,190
Exploration and evaluation assets	(a)	9,127,116	(7,509,401)	1,617,715
		13,931,500	(7,509,401)	6,422,099
Current liabilities				
Accounts payable and accrued liabilities		484,411		484,411
Deferred premium on flow through shares	(b)	-	1,200,000	1,200,000
Total current liabilities		484,411	1,200,000	1,684,411
Contingent liabilities				
Shareholders' equity				
Capital stock	(b), (d)	28,923,587	(1,081,889)	27,841,698
Contributed surplus	(d)	2,848,480	(118,111)	2,730,369
Deficit	(a)	(18,324,978)	(7,509,401)	(25,834,379)
Total shareholders' equity		13,447,089	(8,709,401)	4,737,688
		13,931,500	(7,509,401)	6,422,099

The Canadian GAAP Interim Consolidated Statement of Financial Position as at March 31, 2010 has been reconciled to IFRS as follows:

As at March 31, 2010	Balance under GAAP	IFRS Adjustments	Balance under IFRS
Current assets			
Cash and equivalents	2,983,309		2,983,309
Prepaid expenses	27,626		27,626
Other receivables	97,356		97,356
Total current assets	3,108,291	-	3,108,291
Investments held for trading	35,595		35,595
Exploration and evaluation assets	10,786,281	(9,168,566)	1,617,715
	13,930,167	(9,168,566)	4,761,601
Current liabilities			
Accounts payable and accrued liabilities	523,364		523,364
Deferred premium on flow through shares	-	-	-
Total current liabilities	523,364	-	523,364
Contingent liabilities			
Shareholders' equity			
Capital stock	27,489,287	(436,426)	27,052,861
Contributed surplus	2,848,480	(763,574)	2,084,906
Deficit	(16,930,964)	(7,968,566)	(24,899,530)
Total shareholders' equity	13,406,803	(9,168,566)	4,238,237
	13,930,167	(9,168,566)	4,761,601

The Canadian GAAP Interim Consolidated Statement of Financial Position as at December 31, 2010 has been reconciled to IFRS as follows:

As at December 31, 2010	Balance under GAAP	IFRS Adjustments	Balance under IFRS
Current assets			
Cash and equivalents	**1,389,019**		1,389,019
Prepaid expenses	**26,206**		26,206
Other receivables	**340,707**		340,707
Total current assets	**1,755,932**	-	1,755,932
Investments held for trading	**11,167**		11,167
Exploration and evaluation assets	**14,007,837**	(12,382,204)	1,625,633
	15,774,936	(12,382,204)	3,392,732
Current liabilities			
Accounts payable and accrued liabilities	**536,529**		536,529
Deferred premium on flow through shares	**-**	-	-
Total current liabilities	**536,529**	-	536,529
Contingent liabilities			
Shareholders' equity			
Capital stock	**30,074,074**	(628,552)	29,445,522
Contributed surplus	**2,869,813**	(561,352)	2,308,461
Deficit	**(17,705,480)**	(11,192,300)	(28,897,780)
Total shareholders' equity	**15,238,407**	(12,382,204)	2,856,203
	15,774,936	(12,382,204)	3,392,732

The Canadian GAAP Interim Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) for the three months ended March 31, 2010 has been reconciled to IFRS as follows:

For the three months ended March 31, 2010	Balance under GAAP	IFRS Adjustments	Balance under IFRS
Expenses			
Exploration and evaluation expenditures	**-**	1,659,165	1,659,165
Management fees	**12,706**		12,706
General & administration	**40,927**		40,927
Legal & audit	**7,351**		7,351
Unrealized loss (gain) on investments held for trading	**35,595**		35,595
Travel and promotion	**18,454**		18,454
Interest income	**(547)**		(547)
Loss before income taxes	**114,486**	1,659,165	1,773,651
Deferred taxes	**(1,508,500)**	1,200,000	(308,500)
Net loss (earnings) and comprehensive loss (earnings)	**(1,394,014)**	2,859,165	1,465,151
Loss (earnings) per share (basic and diluted)	**($0.01)**		$0.01
Weighted average outstanding shares	**126,701,360**		126,701,360

The Canadian GAAP Interim Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) for the year ended December 31, 2010 has been reconciled to IFRS as follows:

For the year ended December 31, 2010	Balance under GAAP	IFRS Adjustments	Balance under IFRS
Expenses			
Exploration and evaluation expenditures	-	4,872,803	4,872,803
Stock-based compensation	**217,814**	10,096	227,910
Management fees	**269,255**		269,255
General & administration	**185,072**		185,072
Legal & audit	**121,570**		121,570
Unrealized loss (gain) on investments held for trading	**60,023**		60,023
Travel and promotion	**60,236**		60,236
Other income	**(4,963)**		(4,963)
Interest income	**(20,005)**		(20,005)
Loss before income taxes	**889,002**	4,882,899	5,771,901
Deferred taxes	**(1,508,500)**	1,200,000	(308,500)
Net loss (earnings) and comprehensive loss (earnings)	**(619,498)**	6,082,899	5,463,401
Loss (earnings) per share (basic and diluted)	**($0.00)**		$0.04
Weighted average outstanding shares	**130,541,407**		130,541,407

Other comprehensive loss (earnings)

There were no IFRS conversion adjustments affecting other comprehensive loss (earnings).

Cash flow statement

There were no IFRS conversion adjustments affecting net cash on the cash flow statement.

References to the IFRS conversion adjustments

a) Expensing exploration and evaluation expenditures

Under Canadian GAAP, the Company's policy for exploration and evaluation expenditures was to capitalize the expenditures that have the potential of being economically recoverable.

Upon transition to IFRS, the Company has adopted the IASB framework for exploration and evaluation costs. As a result, the Company has derecognized and expensed exploration and evaluation expenditures previously capitalized in mineral properties and deferred costs. This is a change in accounting policy which has been applied retroactively.

Exploration and evaluation expenditures are now expensed in the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) until the completion of a pre-feasibility study and the determination of commercial viability of the property. The Company capitalizes development costs related to specific properties only once a pre-feasibility study is completed and the commercial viability of a project is determined.

The exploration and evaluation expenditures of $7,509,401 previously capitalized in mineral properties and deferred costs as at December 31, 2009 have been written off as a charge to Deficit on the Transition Date of January 1, 2010. Exploration and evaluation asset acquisition costs of $1,617,715 remain capitalized as exploration and evaluation assets.

b) Flow-through shares

Under Canadian GAAP, the Company reported common shares issued on a flow-through basis ("flow-through shares") at the issue price. The Company subsequently reported an income tax recovery on the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) in the period in which the exploration expenditures were renounced in favor of the flow-through subscriber.

IFRS does not provide guidance on flow-through shares or the related tax consequences however the Company has adopted the following policy under IFRS. If flow-through shares are issued at a premium to the market price of non-flow-through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability on the Consolidated Statement of Financial Position. The subsequent renunciation of the exploration expenses incurred by the Company in favor of the flow-through subscriber is reported as a reduction in the liability on the Consolidated Statement of Financial Position and other income or a reduction of the deferred tax expenses on the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings).

In December 2009, the Company completed a structured flow-through financing of $4.2 million. The $4.2 million was previously reported in capital stock under Canadian GAAP. Under IFRS, capital stock was reduced to $3.0 million and a $1.2 million deferred premium on flow through share liability was reported, reflecting the premium received on the structured flow-through financing, at the IFRS Transition Date of January 1, 2010.

c) Stock-based compensation

Under Canadian GAAP, the fair value of stock-based awards with graded vesting was amortized on a straight-line basis over the vesting period and any forfeiture of awards was recognized as occurred.

Under IFRS, the Company changed the amortization method for the fair value of stock options under graded vesting from the straight-line method to the accelerated method. The Company is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to estimated forfeitures, if any, is recognized in the Consolidated Statements of Net Loss (Earnings) and Comprehensive Loss (Earnings) with a corresponding adjustment to Shareholders' Equity.

There was no financial impact on the January 1, 2010 Transition Date as stock options subject to a vesting schedule were introduced only in May 2010.

d) Purchase warrants

Under Canadian GAAP, purchase warrants issued by the Company in conjunction with a financing were recognized as capital stock. The fair value of these purchase warrants, with no intrinsic value, was determined at issue date using the Black Scholes model.

Under IFRS, the initial fair value is also reported as capital stock at issue date using the Black Scholes model however the fair value of the warrants is subsequently revalued at each reporting date, using current assumptions in the Black Scholes model, with any change reported under shareholders' equity in the Consolidated Statement of Financial Position.

This resulted in a charge of $118,111 to opening deficit representing the change in fair value of the purchase warrants outstanding from date of issuance to the IFRS Transition Date of January 1, 2010.

MONETA PORCUPINE MINES INC.

Management Discussion and Analysis

For the three months ended March 31, 2011

Q1 2011

This Management's 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 three months ended March 31, 2011 and 2010. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of the Company for the three months ended March 31, 2011 and 2010.

The Company's Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts included in this MD&A are in Canadian Dollar. The MD&A is prepared with an effective date of June 14, 2011.

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.

Additional information related to the Company is available in Moneta's Annual Information Form ("**AIF**"). The AIF and other continuous disclosure documents, including the Company's press releases and interim quarterly reports are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and are also available on the Company's website www.monetaporcupine.com.

The MD&A is presented in the following sections:

FORWARD-LOOKING/SAFE HARBOUR STATEMENT AND FAIR DISCLOSURE STATEMENT

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

HISTORICAL RESOURCE ESTIMATES

Moneta is not treating historical resource estimates as current mineral resources as defined by National Instrument 43-101 ("NI 43-101") as a "qualified person" has not done sufficient work to classify the historical resource estimate as a current mineral resource. Accordingly, the historical resource estimates should not be relied upon.

OUTLOOK

The Company has completed significant financing of $6.6 million in Q1 2011 and is well-funded to continue and build on the 2010 successes, and will undertake substantial exploration programs over the next 18-24 months. The Company has contracted three drills and plans to complete up to 30,000 metres in the 2011 drill program. The *Golden Highway Project,* which covers 12km of recognized highly prospective geology, remains the top priority exploration and development target. The objective of the 2011 drill program in the *Golden Highway Project* is to expand known mineralization at surface including that of the greater Southwest Zone, Windjammer South, and the 55 Zone. Additional emphasis will be placed on the 'Gap area' between the Southwest Zone and Windjammer South to the east and several highly prospective and newly identified structural targets, located both in close proximity to existing gold zones and in previously underexplored areas of the *Golden Highway Project*.

RESULTS OF OPERATIONS

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

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

Moneta holds a 100% interest in 5 core projects strategically located on or along the Destor Porcupine Fault Zone ("**Destor**"), one of the key structural features in the Abitibi Greenstone belt in Ontario, with excellent infrastructure including access roads, water, electricity, and mills. Most historic production in the region is associated with the Destor, including significant producing mines now operated by Porcupine Gold Mines (Goldcorp) and several others in production, including Lake Shore Gold, Brigus Gold, and St Andrew Goldfields.

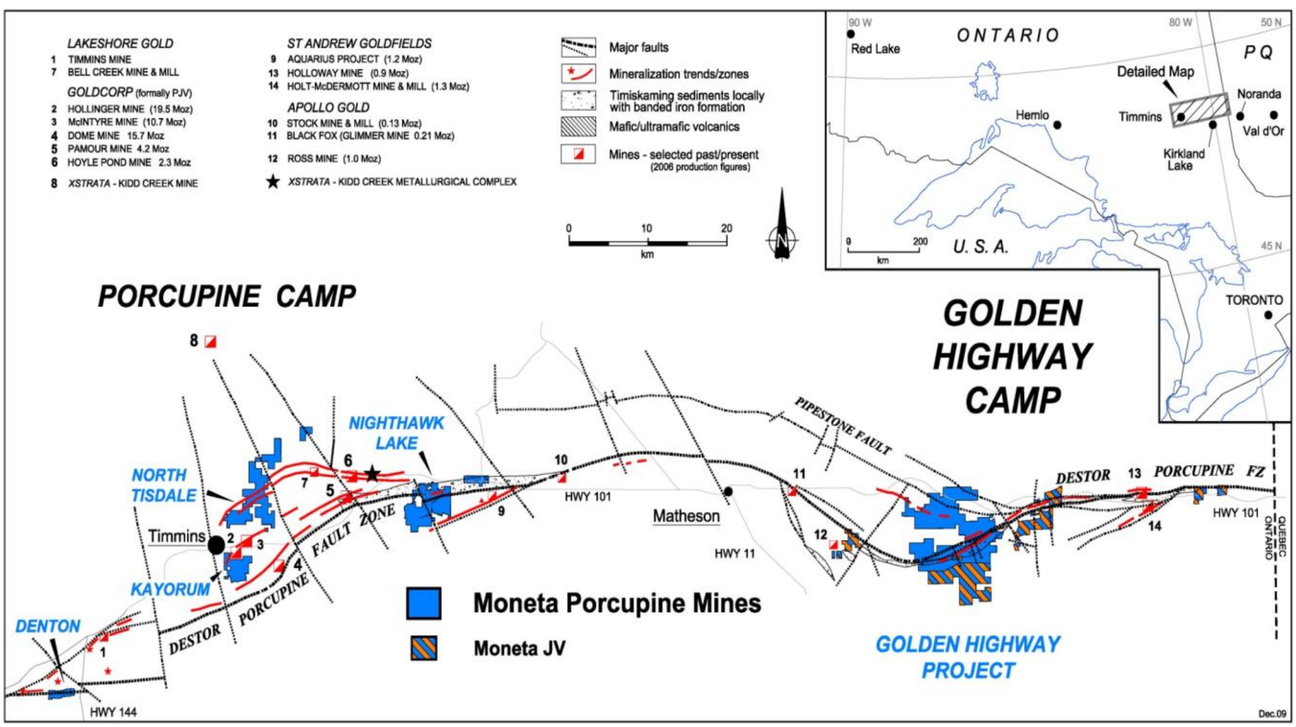

Figure I: Moneta's Mineral Property Portfolio

The Porcupine Camp and Golden Highway Camp (collectively referred to as "**Timmins Camp**") is one of the most prolific gold-producing areas in the world with over 72 million ounces of gold produced primarily from some 26 mines, each of which generated more than 100,000 ounces.

Moneta's land position is one of the best and fourth largest, in the world class Timmins Camp – after three gold producers – including a commanding position in the emerging Golden Highway Camp with 1.1 million ounces of gold resources (all categories) identified prior to reactivation of aggressive exploration and the best reported grades and widths in 2010 and into 2011.

Golden Highway Project

Moneta's primary gold exploration focus is the *Golden Highway Project* which contains a largely contiguous land package of 679 claim units or approximately 10,600 hectares, and is centered in Michaud Township, 100 km east of Timmins, Ontario along Highway 101, a major all-season route.

The *Golden Highway Project* currently hosts nine distinct gold-bearing zones (namely Windjammer South, Southwest Zone, 55 Zone, Dyment 3, Western Zone, Windjammer North, Landing Zone, Twin Creeks Zone, and Last Chance Zone) along with numerous gold intersections along a 12km mineralized corridor which contains two highly prospective geological settings centered on the Destor fault: a northern corridor with mafic and ultramafic volcanic units and syenite intrusive complexes; and a southern corridor defined by Timiskaming sediments and banded iron formation.

Structural and geological reviews, completed in 2010 through 2011, have added areas of high gold exploration potential associated with the east west trending Arrow Fault and associated splays north of the Destor fault in the northern portion of the property.

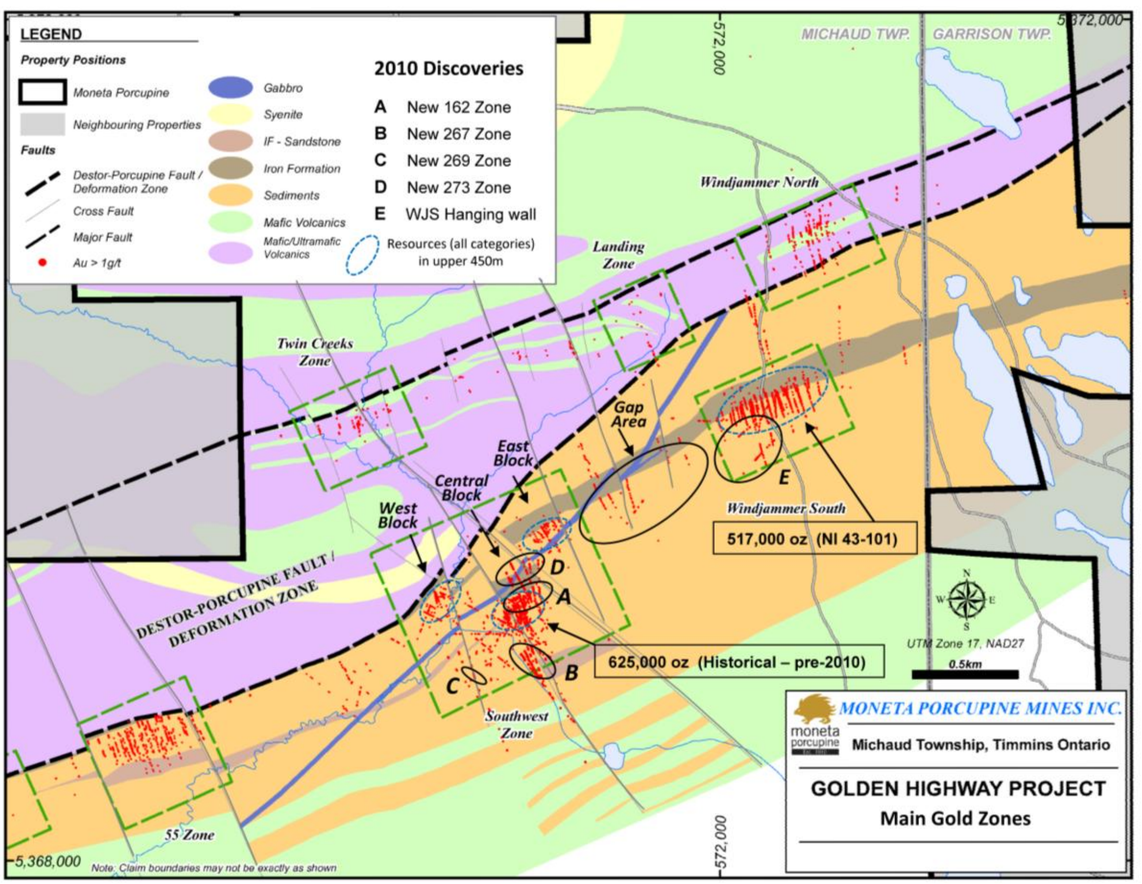

Figure II – Moneta's Golden Highway Project: Geology and Main Gold Zone Locations

Resources to date include the *Windjammer South* zone which contains a near-surface NI 43-101 resource of 305,379 indicated and 211,951 inferred ounces of gold (cutoff grade of 0.7 g/t), as follows:

Cut-Off Grade (g/t Au)	Category	Tonnes	Grade (g/t Au)	Oz Au
0.7	Indicated	7,786,000	1.22	**305,379**
	Inferred	5,834,000	1.13	**211,951**
	Total			**517,330**

The *Southwest Zone* has a non NI 43-101 compliant historical inferred resource estimate of 624,500 ounces of gold based on 3.25 million tonnes averaging 5.98 g/t (cut-off grade of 3.0 g/t), which was developed by Lac Minerals ("**Barrick**") by way of option agreement with Moneta between 1994-1997.

Cut-Off Grade (g/t Au)	Non NI-43-101 Compliant	Tonnes	Grade (g/t Au)	Oz Au
3.0	Historical inferred resource	3,250,000	5.98	**624,500**

2011 EXPLORATION ACTIVITY

Golden Highway Project

Moneta's Q1 2011 exploration drill program consisted of 5,100 metres in the *Golden Highway Project* and continued the 2010 program that has focused on the eastern portion of property. This area contains the bulk of gold mineralization discovered to date with 4 new gold zones discovered in 2010, all within the greater *Southwest Zone* area. Of greatest significance is the 267 Zone with its substantial vein widths, orientation, high grade, and setting. Its location, 200 metres into the hanging wall sediments of the iron formation has dramatically expanded the potential of Timiskaming sediments over a 12km strike length in the southern corridor.

Southwest Zone: 267 Zone

This vein zone was defined by drill hole MSW-10-267 completed in Q3 2010 targeting the south Central Block iron formation contact 200 metres deeper and 150 metres westerly along strike of the exceptional results from MN96-162 and related drill wedge holes 162A, 162B and 162D.

Hole 267 intersected the most significant quartz vein zone ("**267 Zone**") to date in the *Golden Highway Project*, returning 3.43 g/t over 36.09 metres within a wider 49.75 metre vein/ankerite alteration zone in the hanging wall sediments of the (south) iron formation contact. Additional new gold mineralization was also intersected in a (south) hanging wall mixed sediment/iron-formation sequence where a sulphidized and quartz vein interval returned 4.51 g/t over 7.21 metres.

During 2010, several drill hole wedges (MSW-10-267A, 267B, 267C, 267D and 267E) were completed and defined the vein system with a north-northwesterly strike, a moderately steep southwesterly dip, and a modeled sub-horizontal plunge.

Additional follow-up drilling in Q1 2011 by MSW11-279 has been completed testing both along strike and up-dip. Mineralization was intersected above the *267 Zone* vein projection with 3.49 g/t over 3.35 metres and deeper in the immediate hanging wall of the Central block iron formation related to the *162 Zone* which returned 1.99 g/t over 45.76 metres including 4.43 g/t over 7.00 metres.

Southwest Zone: 273 Zone

Drill hole MSW-10-273 was completed in Q4 2010 as a new mother hole targeting the area 100m up dip of MSW-10-162D, the shallowest drill hole wedge in the *162 Zone*. Three new gold zones were successfully intersected with substantial widths ranging from 38m to 45m, all hosted within variably intense ankerite alteration.

The 273 Zone has substantially added to the gold mineralization potential of East Block iron-formation both to the west and up-dip. Drill hole wedge MSW-10-273A was abandoned due to wedging difficulties and replaced by MSW-10-273B.

MSW-10-273B, drilled both to the east and at a higher elevation than MSW10-273, was successfully completed in Q1 2011. Results suggest that the drill hole may have only tested peripheral portions of the hanging wall of this mineralization due to plunge. These include 3.78 g/t over 11.5m with 5.63 g/t over 6.30m in the hanging wall of Central Block iron-formation, 1.33 g/t over 17.25m where the Central Block iron-formation was expected but believed to be faulted, 1.49 g/t over 14.73m in a broader alteration zone in the East Block hanging wall sediments, and 3.61 g/t over 3.05m near the East Block iron formation contact.

Southwest Zone: East Block area

In Q1 2011, Moneta extended historical drill hole MN97-203 into the East Block Zone and added new drill holes MSW11-280, 281 and 282 in the upper portion to better define the known gold mineralization, in particular its relationship to north-westerly trending structures.

MN97-203-EXT crossed the east fault separating the Central and East Blocks of the Southwest Zone, continuing in the hanging wall of the East Block to end in the iron formation. Numerous minor alteration/ stringer zones in the hanging wall of the East Block iron formation were intersected with a high grade quartz vein zone of 3.05 g/t over 6.20m including 4.35 g/t over 3.60m.

Drill holes MSW11-280 and 281 tested the upper portion of the East Block mineralization near surface. MSW11-281 did not reach the iron formation contact, having entered the main gabbro dyke that cross cuts the Southwest Zone with a east-southeasterly strike. MSW11-280 intersected 1.51 g/t over 5.10m while MSW11-281 returned 2.30 g/t over 5.40 m including 7.21 g/t over 1.10m and 3.82 g/t over 6.50m including 7.94 g/t over 1.08m and 6.15 g/t over 1.60m, both near surface.

MSW11-282 stepped westerly 50m along strike from MSW11-280 and terminated at the iron formation contact. Mineralization consisted of scattered narrow veins and spotty alteration including 4.51 g/t over 2.00m, 2.17 g/t over 6.64m with 6.02 g/t over1.26m, and 3.59 g/t over 4.89m with 8.03 g/t over 1.34m, all near surface.

Gap Area

Drilling has started in Q1 2011 to assess the 'Gap area' located between the Southwest Zone and Windjammer South with over 800m of strike along the iron formation and very limited drilling (under ten drill holes). Both the corridor along the iron formation contact and its greater southern hanging wall, as well as recently interpreted north-westerly and northerly trending structures are being tested for gold mineralization.

In Q1 2011, Moneta completed drill hole MSW11-277 in the eastern Gap area between a historical Barrick drill hole and the Windjammer South. Several minor structures were intersected, locally associated with weak to moderate ankerite and sericite alteration as well as narrow veins. Additional drilling is planned. Values of interest include two near surface high grade veins/zones of 7.47 g/t over 1.40m and 3.32 g/t over 3.30m including 13.40 g/t over 0.60m, and an additional alteration zone with 1.20 g/t over 7.70m.

MSW11-283 was completed in Q2 2011 in the western Gap area to further test the mineralized corridor. Results are pending.

Windjammer South

In Q4 2010, MWJ10-32 and MWJ10-33 were completed at the undrilled western edge of the Windjammer South resource to expand the hanging wall mineralization and better define structures in this area.

MWJ10-32 targeted mineralization previously intersected in the upper portion of historical drill holes WJ88-40 and MWJ08-07 located 200 metres south of the Windjammer South iron formation. MWJ10-32 intersected stockwork mineralization with high grade veinlets and returned 1.76 g/t over 41.83m including 11.88 g/t over 3.70m, in addition to 13.35 g/t over 0.50m and 8.66 g/t over 1.33m.

Follow-up drill holes MWJ11-35 and MWJ11-36 were completed in Q2 2011, south of MWJ10-32, with results pending.

55 Zone

The 55 Zone is hosted in altered Timiskaming greywackes and sandstones along the ultramafic/Timiskaming sedimentary contact in the western portion of the Golden Highway Project*,* one km along strike west-southwest of the *Southwest Zone*.

In 2010 a significant drill program was undertaken defining a key structural zone over a strike length of 350 metres that hosts a series of high grade moderately north-dipping and en echelon (stacked) gold-bearing quartz veins. These are typically laminated and associated with brecciated wall rocks and elevated levels of pyrite, locally reaching 3 metres in thickness. Drilling has also intersected several of these quartz veins/zones in contact with the northern iron formation resulting in local sulphidization of the iron formation and returning significantly enhanced grade.

New drill targets were evaluated in Q1 2011 for both the sulphidized iron formation and quartz vein zone style of gold mineralization along strike and to depth. The *55 Zone* is also under review for bulk tonnage resource potential.

PORCUPINE CAMP (TIMMINS AREA) PROPERTIES

Moneta owns a 100% interest in 4 Porcupine Camp projects from east to west; Nighthawk Lake, North Tisdale, Kayorum, and Denton-Thorneloe. Moneta's Nighthawk Lake and North Tisdale projects were subject to short drill programs in 2010.

Nighthawk Lake property

The *Nighthawk Lake* property is located at the eastern end of the Porcupine Camp on Nighthawk Lake approximately 30 km east of Timmins. It represents "mini gold camp" defined primarily by gold mineralization along the Nighthawk Break, a prominent splay off the Destor Porcupine Fault/Deformation Zone. The *Nighthawk Lake* project is along the Destor, immediately north of the Nighthawk Break hosting Goldcorp's Nighthawk Mine, several other gold zones, as well as St Andrew's Aquarius Deposit 6 kilometres to the east.

In Q4 2010, a review was completed to identify structural controls on the *Collins Zone* mineralization identifying east-west and north-northwest structures, both north and northeast dipping. A short follow-up drill program consisting of 3 holes was completed in Q1 2011.

Drill holes NHL10-29 and NHL10-31 were completed within the *Collins Zone* with best results from NHL10-29 showing both local very high grade and broader lower grade styles of mineralization of 2.00 g/t Au over 57.30 metres including 21.62 g/t over 2.32 metres, near surface.

A third hole NHL10-30 was completed as a step-out 100m to the west along the known 750m mineralized trend intersecting a thick sequence of talc-chlorite altered ultramafic rocks with locally weak grey carbonate alteration with veining which returned 1.79 g/t over 5.85 metres including 8.83 g/t over 1.00 metres.

The Company is currently evaluating the expansion of the higher grade within the zone and the overall potential for a near-surface bulk tonnage gold resource given the style of gold mineralization, proximity to milling infrastructure, and favourable zone geometry.

Kayorum Property (including the former Moneta Mine)

A three dimensional (3D) model of the Moneta Mine was completed during Q1 2011 from available historical section and level plans as the initial phase of a more comprehensive property and brownfields exploration potential review.

The Moneta Mine geotechnical work program was developed in Q1 2011 as an integral part of developing a closure plan for the Ministry of Northern Development, Mines and Forestry. This geotechnical drilling program will provide additional geological information on the former mine.

The immediately adjacent Hollinger Mine pit project is currently in an advanced permitting, feasibility, and consultation stage for the 2012 development of a multiphase 200-250 metre deep open pit based on a 2010 resource of 3.47Mozs and 782,000 oz reserves.

FINANCIAL REVIEW

These unaudited interim consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from March 31, 2011. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance it 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 Interim Statements of Financial Position, the Interim Statements of Shareholders' Equity, the Interim Consolidated Statements of Net Loss (Earnings), Comprehensive Loss (Earnings) and Deficit, and the Interim Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010.

SUMMARY OF QUARTERLY RESULTS

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

($ except per share data)	**2011**	**2010 (restated under IFRS)**				2009 (Canadian GAAP)		
Highlights	**Mar**	**Dec**	Sep	Jun	Mar	Dec	Sep	Jun
Revenue	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	**1,292,252**	1,543,888	1,239,422	1,214,940	1,465,151	238,500	8,551	111,974
Net loss per share	**0.01**	0.01	0.01	0.01	0.01	0.00	0.00	0.00

SIGNIFICANT EVENTS DURING THE FIRST QUARTER 2011

In March 2011, the Company completed a non-brokered private placement financing for $6.6 million and issued 11,428,571 common shares on a structured flow-through basis at $0.49 per share for gross proceeds of $5,600,000 and 2,857,143 common shares at $0.35 for gross proceeds of $1,000,000. The $6.6 million in aggregate gross proceeds was reported as a $5 million increase in capital stock and a $1.6 million increase in deferred premium on flow-through shares, reflecting the premium received on the structured flow-through financing. Share issue costs associated with this financing were $199,000.

During the period, directors, officers, employees and consultants exercised 765,500 (Q1 2010 – 520,000) stock options for total gross proceeds of $117,170 (Q1 2010 - $74,200). The fair value of $73,574 (Q1 2010 - Nil), related to the exercised stock options and previously charged to contributed surplus, was reversed to share capital.

The Mining and Lands Commissioner notified the Company in 2010 that its appeals of the 2001 and 2004 Orders to file a closure plan on the former Moneta Mine were dismissed and that a closure plan was to be filed. The Company is undertaking necessary steps to submit a closure plan by the July 31, 2011 deadline. During Q1 2011, the Company's geotechnical consultant prepared a plan to identify and evaluate the former Moneta Mine hazards and the Company commenced the necessary geotechnical drilling. Although beyond the scope of work required by the Order, the Company has elected to undertake progressive rehabilitation of the mine hazards, where feasible.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the Interim Consolidated Statements of Net Loss (Earnings), Comprehensive Loss (Earnings) and Deficit for the period ended March 31, 2011 and 2010 and the corresponding notes thereto. All references to years "2011" or "2010" relate to the three month period ended March 31 of those years unless stated otherwise. Moneta has not generated any material operating revenues in 2011 as it is in the exploration and development stage and, therefore, operating losses are anticipated to continue in the future.

Moneta reported net loss and comprehensive loss of $1,292,252 in Q1 2011 as compared to a net loss and comprehensive loss of $1,465,151 in Q1 2010.

Exploration and evaluation expenditures were $1,142,010 in Q1 2011 as compared to $1,659,165 in Q1 2010. The substantial decrease is primarily attributed to three drills operating in 2011 as opposed to five drills with considerably more productions in 2010. Stock-based compensation charges related to options vested in the period was $22,989 as compared to $Nil in Q1 2010. Management fees were $50,000 in Q1 2011 as compared to $12,706 Q1 2010. The increase is primarily due to the reversal of an overaccrual from fiscal 2009 in Q1 2010 as the management fees of $50,000 were unchanged quarter over quarter. General & administration expenses were $36,911 in Q1 2011, a marginal decline from $40,927 in Q1 2010. Legal and audit expenses were $14,236 in Q1 2011 as compared to $7,351 in Q1 2010. The audit and related fees were unchanged quarter over quarter. The increase is primarily related to legal work associated with Moneta Mine closure plan as well as other efforts. The unrealized loss on investments held for trading, resulting from market value fluctuations, was $931 in Q1 2011 as compared to $35,595 in Q1 2010. Travel and promotion expenses were $30,251 in Q1 2011 as compared to $18,454 in Q1 2010. The increase is primarily related to airfare and hotel accommodations for technical consultants who travelled from Toronto to Timmins to support the advanced exploration activities in 2011. Other income was $3,281 in Q1 2011 as compared to $Nil in Q1 2010. Interest income was $1,795 in Q1 2011 as compared to $547 in Q1 2010. Deferred taxes in Q1 2010 of $308,500, represented by $1,508,500 less a reversal of the deferred premium of flow-through share liability of $1,200,000, is the impact of the normal course renunciation of flow-through expenditures related to the $4,200,000 financing completed in Q4 2009.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the Interim Consolidated Statements of Changes in Financial Position and Interim Consolidated Statements of Changes in Shareholders' Equity as at March 31, 2011 and 2010, and the corresponding notes thereto.

IFRS accounting policies have been applied in preparing and are presented in Note 2 to the unaudited interim consolidated financial statements for the three months ended March 31, 2011. The comparative information for the three months ended March 31, 2010, the financial statements for the year ended December 31, 2010 and the preparation of an opening IFRS balance sheet on the January 1, 2010 Transition Date have been restated. Please refer to Note 10 to the unaudited interim consolidated financial statements for the three months ended March 31, 2011 for details.

Consolidated assets

Consolidated assets were $9,383,264 at March 31, 2011 as compared to $3,392,732, as restated under IFRS at December 31, 2010. Cash and equivalents was $7,195,565 at March 31, 2011 as compared to $1,389,019 at December 31, 2010.

Exploration and evaluation assets were $1,642,018 at March 31, 2011 as compared to $1,625,633, as restated under IFRS at December 31, 2010, resulting the capitalization of project acquisition costs.

Consolidated liabilities

Consolidated liabilities, excluding the deferred premium on flow through share liability of $1,600,000, were $1,294,228 at March 31, 2011 as compared to $536,529 at December 31, 2010. The increase is due to a unforeseen delay in processing Q1 2011 invoice payments on exploration expenditures which were fully paid in Q2 2011.

The $1,600,000 deferred premium on flow-through share liability does not represent a cash funding obligation. Under IFRS, it reflects the premium or excess proceeds received on the structured flow-through financing completed in March 2011 and is expected to reverse to deferred taxes upon normal course renunciation, in Q1 2012, of qualifying expenditures incurred by the Company in favor of the flow-through subscribers.

Shareholders' equity

Shareholders' equity was $6,489,036 at March 31, 2011 as compared to $2,856,203, as restated under IFRS at December 31, 2010. The increase is primarily due to the $6,600,000 financing completed in March 2011 (reported as a $5,000,000 issuance of common shares and $1,600,000 deferred premium on flow-through share liability), the $117,170 in stock option exercises, offset by net loss and comprehensive loss of $1,292,252 for the period.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the Interim Consolidated Statements of Financial Position as at March 31, 2011 and December 31, 2010, and the corresponding notes thereto.

The consolidated working capital ratio at March 31, 2011 excluding the deferred premium on flow-through share liability to be reversed to deferred taxes upon renunciation of qualifying expenditures to subscribers in Q1 2012, was 6.0 : 1 as compared to 3.3 : 1 at December 31, 2010. The Company is well-funded at March 31, 2011 with $7,195,565 in cash and equivalents and $500,818 in other receivables, primarily comprised of HST recoverable.

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the three month period ended March 31, 2011.

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

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

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

The Company has sufficient working capital 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 required from equity financings including flow-through. Although the Company has been successful in the past in raising funds, there can be no assurance that any funding required by the Company in the future will be available to it and, if such funding is available, that it will be offered on reasonable terms. In the event the Company is unsuccessful at raising such funds, it may not be able to continue as a going concern. Moneta has no material commitments or contractual obligations with respect to the development of any mineral properties beyond those that would be considered as part of normal business.

Cash and equivalents were $7,195,565 at March 31, 2011. Other receivables of $500,818 consist of HST recoverable to be collected in due course. Accounts payable and accrued liabilities of $1,294,228 primarily relate to unpaid Q1 2011 exploration expenditures paid in the normal course in Q2 2011.

The $1,600,000 deferred premium on flow-through share liability does not represent a cash funding obligation. Under IFRS, it reflects the premium or excess proceeds received on the structured flow-through financing completed in March 2011 and is expected to reverse to deferred taxes upon normal course renunciation, in Q1 2012, of qualifying expenditures incurred by the Company in favor of the flow-through subscribers.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company recorded fees of $50,000 (2010 - $50,000) to related individuals and companies controlled by officers or consultants for the three month period ended March 31, 2011. The fees were for management and consulting services provided to the Company under ongoing contracts. Directors' fees of $10,000 were charged during the period and remain payable at the end of the period. All related party expenditures were in the normal course of business at the exchange amounts.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("**CEO**") and interim Chief Financial Officer ("**CFO**") of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures ("**DC&P**") and the design of internal controls over financial reporting ("**ICFR**"). The objective is 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 GAAP, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected. The Company's system of internal controls provides for the separation of duties for receiving, approving, coding and handling of invoices, entering transactions into the accounts, and include two signatures for all payments made by cheques or wire funds.

The CEO and CFO evaluated the effectiveness of the Company's DC&P and ICFR as required by National Instrument 52-109 issued by the Canadian Securities Administrators. As at March 31, 2011, the CEO and the CFO evaluated the design and operation of the Company's DC&P as well as the design and operating effectiveness of the Company's ICFR. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P and ICFR were effective as at March 31, 2011. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

CRITICAL ACCOUNTING ESTIMATES

Moneta's significant accounting policies are summarized in notes 2 to the interim consolidated financial statements for the three month period ended March 31, 2011.

These unaudited interim consolidated financial statements, including comparatives, have been prepared using International Financial Reporting Standards ("**IFRS**"). The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. 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.

Exploration and evaluation assets

Exploration and evaluation assets include the acquisition costs and deferred exploration and evaluation expenditures of the Company's 'green fields' exploration properties.

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

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

Share-based compensation transactions

Stock options

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

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method. The fair value of each vested tranche is measured using Black Scholes using assumptions at the time of vesting.

Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Purchase warrants

The fair value of purchase warrants, issued in conjunction with common share financings, is measured at date of issue using the Black Scholes valuation model and recognized as a decrease in capital stock and an increase in contributed surplus on the Consolidated Statement of Financial Position. The initial fair value of the purchase warrants is subsequently revalued each reporting date using current assumptions in the Black Scholes valuation model, with any change reported recognized as an adjustment in capital stock and contributed surplus on the Consolidated Statement of Financial Position.

Flow-through shares

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

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

Income taxes

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

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

The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the year in which the change is enacted or substantively enacted. Deferred income taxes related to flow-though share tax deductions are recognized in the year in which they are renounced.

Provisions

Provisions are recognized for liabilities of uncertain timing when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized and treated as a separate asset when it is virtually certain that reimbursement will be received if the Company settles the obligation.

Contingencies

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

CHANGES IN ACCOUNTING POLICIES

First time adoption of IFRS

These are the Company's first interim consolidated financial statements prepared in accordance with IFRS applicable to the preparation of interim financial statements, including *International Accounting Standards 34: Interim Financial Reporting* ("***IAS 34***") and *IFRS 1: First-time Adoption of International Financial Reporting Standards* ("***IFRS 1***"), as adopted by the *International Accounting Standards Board* ("***IASB***").

The accounting policies applied in the interim consolidated financial statements are based on IFRSs issued and outstanding as of June 14, 2011, the date the Board of Directors approved these interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in the restatement of these interim consolidated financial statements, including the transition adjustments recognized on the change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian generally accepted accounting principles ("**Canadian GAAP**") annual consolidated financial statements for the year ended December 31, 2010. Note 10 to the interim consolidated financial statements discloses the IFRS adjustments made to these previously published Canadian GAAP consolidated financial statements for the year ended December 31, 2010.

Recent Accounting Pronouncements

A number of new standards and issued amendments to standards and interpretations are not yet effective for the year ending December 31, 2011, and have not been applied when preparing these interim consolidated financial statements. Management does not currently expect that the implementation of these new standards and amendments will have a significant effect on the interim consolidated financial statements of the Company, except for *IFRS 9: Financial Instruments ("**IFRS 9**")*, which will become mandatory for the Company's 2013 consolidated financial statements and is expected to impact the classification and measurement of the Company's financial assets. The extent of the impact has not yet been determined.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Fair Value

The carrying values for primary financial instruments, including Cash and equivalents, Other receivables, and Accounts payable and accrued liabilities approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash and equivalents held with Canadian financial institutions.

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

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

Credit risk

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

The Company's exposure to credit risk is concentrated in two specific areas: the credit risk on operating balances including Other receivables, primarily comprised of HST recoverable, and Cash and equivalents held with Canadian financial institutions. The maximum exposure to credit risk is equal to the carrying values of these financial assets.

The aggregate gross credit risk exposure at March 31, 2011 was $7,696,383 (December 31, 2010 - $1,729,726), and was comprised of $500,818 (December 31, 2010 - $340,707) in Other receivables primarily comprised of HST recoverable, and $7,195,565 (December 31, 2010 - $1,389,019) in Cash and equivalents held with Canadian financial institutions with a "AA" credit rating.

Market risk

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

Currency risk

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

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

Commodity price risk

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

Liquidity risk

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

Sensitivity Analysis

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

CONTINGENT LIABILITIES

Order to file closure plan on Moneta Mine

The Mining and Lands Commissioner notified the Company in 2010 that its appeals of the 2001 and 2004 Orders to file a closure plan on the former Moneta Mine were dismissed and that a closure plan was to be filed. The Company is undertaking necessary steps to submit a closure plan by the July 31, 2011 deadline.

The Company's geotechnical consultant has prepared a plan to identify and evaluate the former mine hazards and the Company has commenced the necessary geotechnical drilling. Although beyond the scope of work required by the Order, the Company has elected to undertake progressive rehabilitation of the mine hazards, where feasible.

Upon submission of the closure plan, the Company will be required to provide normal course financial assurance for mine hazards where progressive rehabilitation is not currently possible, but may be required in future. The financial assurance, not expected to be significant but unknown until the geotechnical assessment of the mine hazards is completed, is payable in cash and/or a letter of credit to the Ministry of Northern Development Mining and Forestry.

These consolidated financial statements include a provision of $70,000 (2009 – $70,000) which the Company believes to be adequate to cover the costs of the Order.

Civil lawsuits

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

OUTSTANDING SHARE DATA

As of March 31, 2011, the Company has a total of 157,307,096 (December 31, 2010 - 142,255,882) common shares outstanding and 3,244,406 (December 31, 2010 – 4,009,906) stock options outstanding with an average exercise price of $0.21 (December 31, 2010 - $0.20) per share. Additional details are available in notes 4 to the interim consolidated financial statements for the three month period ended March 31, 2011.