



NORTHERN VERTEX
MINING CORP

**Management's Discussion and Analysis
for the Year Ended June 30, 2016**

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NORTHERN VERTEX MINING CORP.

Management's Discussion and Analysis for the year ended June 30, 2016

The Management's Discussion and Analysis ("MD&A") of Northern Vertex Mining Corp. ("Northern Vertex" or the "Company"), has been prepared by management as of October 24, 2016 and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of its operations and cash flows for the fiscal year ended June 30, 2016. This MD&A provides information on the operations of the Company for the year ended June 30, 2016 and should be read in conjunction with the audited annual consolidated financial statements for the years ended June 30, 2016 and 2015 and related notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

Unless otherwise indicated, the technical disclosure contained within this MD&A has been reviewed and approved by Mr. L.J. Bardswich, P.Eng., General Manager of Golden Vertex Corp. ("Golden Vertex") and a Qualified Person for the purpose of National Instrument 43-101 ("NI 43-101"), Standards of Disclosure for Mineral Projects.

1. Business Overview

Northern Vertex is a development stage mining company focused on identifying mineralized deposits economically worthy of subsequent development, mining or sale. The Company's primary project is the Moss Mine gold-silver deposit (the "Moss Mine") in Mohave County, Arizona. The Company's core management and technical team are proven professionals, with extensive international experience in all aspects of mineral exploration, mine development, operations, equity and debt financing and venture capital markets. The Company is a listed issuer on the TSX Venture Exchange ("TSXV") and its common shares trade under the symbol NEE.

The Company's primary objectives are:

- Securing debt, equipment and equity financing to facilitate the construction of the Moss Mine;
- Constructing the Moss Mine; and
- Operating in a socially responsible manner with high regard to safety standards, environmental regulations and community relations;

2. Operating and Financial Highlights

Operating Results and Corporate Developments

Feasibility Study

- On June 8, 2015, the Company announced the results of the Feasibility Study ("FS") that served as the "Bankable Feasibility Study" ("BFS") required by the Company's 2011 Exploration and Option to Enter Joint Venture Agreement, Moss Mine Project with Patriot Gold (the "2011 Agreement") and the Company had spent in excess of the required US\$8,000 000. The BFS was received by Patriot Gold on July 20, 2015 which completed the final requirement of the "earn-in" obligation.
- On July 23, 2015, the Company filed, in support of its June 8, 2015 announcement, a NI 43-101, Disclosure Standards for Mineral Projects Technical Report entitled "Moss Gold-Silver Project, NI 43-101 Technical Report Feasibility Study, Mohave County, Arizona" (the "Technical Report"), which is dated July 13, 2015 and has an effective date of June 8, 2015. The report was prepared by MineFill Services, Inc. of Washington, USA ("MineFill") and M3 Engineering and Technology Corporation, Tucson, Arizona ("M3"), with contributions by David M.R. Stone, P.E. of MineFill, Thomas Drielick, P.E. of M3, Daniel K. Roth, P.E. of M3, Eugene Muller, P.E., of Golder Associates and Scott Allan Britton, C.Eng. of SAB Mining Consultants Ltd., all of whom are independent Qualified Persons as defined by NI 43-101. Further details are described in Section 4 of this MD&A.

- The mineral reserve estimate utilizing two cut-off grades were applied to the mineral reserves. Primary Ore material assumes an economic cut-off grade of 0.25 g/t Au whereas Low Grade Ore assumes a cut-off of 0.20 g/t Au. During mining, it is assumed the Low Grade ore will be stockpiled for processing towards the end of the mine life when the Primary Ore nears depletion and there is insufficient ore feed for processing. The reserve figures include 5% dilution with zero grade waste and 95% in-pit mining recovery. The reserve estimate is summarized below. Further details are described in Section 4 of this MD&A:

Material	Category	ROM (MT)	Diluted Au (g/t)	Diluted Ag (g/t)	Contained Au (oz)	Contained Ag (oz)	Diluted AuEq (g/t)	Contained AuEq (oz)
Primary Ore	Proven	4.20	0.95	10.01	128,160	1,352,030	1.07	144,490
	Probable	3.30	0.75	9.20	79,770	976,260	0.86	91,240
	Combined	7.50	0.86	9.66	207,930	2,328,290	0.97	233,900
Low Grade Ore	Proven	0.25	0.22	2.99	1,740	24,070	0.25	2,010
	Probable	0.21	0.22	3.54	1,460	23,920	0.26	1,760
	Combined	0.46	0.22	3.24	3,190	47,980	0.25	3,700
ALL	Combined	7.96	0.82	9.29	211,130	2,376,270	0.93	238,010

- The economic highlights, at prices of US\$1,250/oz Gold and US\$20/oz Silver, 100% Project basis using a discount factor of 5% in arriving at the Project Net Present Value ("NPV") and recoveries to doré for gold and silver of 82% and 65%, respectively are summarized in the following table:

	Pre-Tax	After-Tax
NPV@ 5%	US\$75.30 M	US\$55.30 M
IRR%	54.6%	44.3%
Payback (yrs)	2.3	2.4

Arbitration

- On January 22, 2016, the Company announced that it had received the arbitrator's decision arising out of the December 2015 arbitration with Patriot Gold Corp. ("Patriot Gold"), the details of which were previously disclosed. The Company prevailed on both the disputed matters. The judgement confirmed that the Company had earned a vested 70% interest in the Moss Mine and the arbitrator dismissed Patriot Gold's claims to be paid US\$5,502,794 for the gold and silver proceeds from the 2013 Pilot Plant Operation.
- On May 26, 2016, the Company completed an agreement with Patriot Gold, whereby the Company purchased Patriot Gold's remaining 30% interest in the Moss Gold/Silver Mine for \$1,200,000 cash and 857,140 common shares plus the retention by Patriot Gold of a 3% net smelter returns ("NSR") royalty. The common shares were issued with a fair value of \$342,856.

Mine Development – Phase II

- During the fourth quarter the Company started pre-construction engineering and permitting as the Company started Phase II development of the Moss Mine.

Debt Financing

- On July 7, 2016, the Company announced, subject to the satisfaction of certain terms and conditions, that it had obtained credit approval from Macquarie bank to provide a project finance facility of up to US\$20,000,000 to be used to fund projected development costs of the Moss Mine Project.
- On July 15, 2016, the Company completed the initial tranche of a non-brokered private placement of unsecured convertible debentures (the "Debentures"), raising gross proceeds of \$7,225,000. Further details are described in Section 3 of this MD&A.

Exploration

- The Company has completed a field geological mapping and sampling program on areas outside of the main Moss vein system, indicating the property wide potential. Exploration potential is considered to be excellent both adjacent to the main Moss Vein System, both on strike and to depth, as well as property wide.

Socioeconomic

- The Company, through its US subsidiary, Golden Vertex, has continued its active involvement in local community initiatives. It is the goal of the Company to be an integral and contributing member of the local Bullhead City area and to help enhance the social and economic capacity of the local communities. During fiscal 2015 and 2016, the Company has focused on the creation of a Cultural Heritage Center in Bullhead City's Community Park, where the unique and diverse local history can be showcased and celebrated. The other main initiative is the educational enhancement programme and the creation of an Earth Sciences Centre at the local High School. This has been accentuated by the creation of a "pathway to a mining engineer" program with the University of Arizona. The Company also maintains continuous dialogue with the Bullhead City Council, the Mohave State Board of Supervisors, the Arizona Governor's office, and with the office of Congressman Gosar.

Corporate

- On July 9, 2015, the Company closed a non-brokered private placement, issuing 13,015,000 units at a price of \$0.22 per unit for total gross proceeds of \$2,863,300. Each unit consists of one common share of the Company and one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one common share at an exercise price of \$0.45 until July 8, 2017. Cash finders' fees of \$115,482 and share issuance costs of \$24,869 were paid to arm's length parties in relation to the private placement.
- On June 29, 2016, the Company amended the expiration date of an aggregate total of 7,521,049 warrants exercisable at \$0.50 by a further 12 months. The expiration date of 5,521,049 warrants was extended from July 3, 2016 to July 3, 2017. The expiration date of 2,000,000 warrants was extended from July 11, 2016 to July 11, 2017. In all other respects, the terms of the warrants remain unchanged.
- On April 4, 2016, the Company closed the final tranche of a non-brokered private placement, issuing a further 500,000 units to the 7,974,875 units already issued in the first tranche, bringing the aggregate total units issued to 8,474,875 at a price of \$0.32 per unit for total gross proceeds of \$2,711,960. Each unit consists of one common share of the Company and one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one common share at an exercise price of \$0.50. The two tranches of warrants expire on March 31, 2019 and April 4, 2019, respectively. The Company paid total cash finders' fees of \$121,512 and total share issuance costs of \$19,484 to arm's length parties in relation to the private placement.
- On November 20, 2015, the Company amended the expiration date of 5,817,174 warrants exercisable at \$1.55 from November 23, 2015 to November 23, 2016, and 3,659,000 warrants exercisable at \$1.75 from November 26, 2015 to November 26, 2016. In all other respects, the terms of these warrants remain unchanged.

Financial results for the three months ended June 30, 2016

The Company is subject to foreign currency rate fluctuations between its presentation currency (Canadian dollar) and the Company's subsidiaries' functional currency (US dollar). Such fluctuations can lead to foreign exchange gains or losses and since the US dollar weakened in comparison to the Canadian dollar during the three months ended June 30, 2016, the Company recorded a non-cash, unrealized foreign exchange loss as a result of the translation of US dollar denominated transactions and balances. Highlights for the quarter included:

- Ended the fourth quarter of fiscal 2016 with working capital of \$661,167 at June 30, 2016 (2015: \$2,891,127), which included cash of \$1,297,416 (2015: \$3,209,343).
- Recorded a net loss of \$2,593,404 (2015: \$1,173,507), which consisted mostly general and administrative expenses of \$1,181,004 (2015: \$642,057) and foreign exchange losses of \$1,411,756 (2015: \$535,432). General and administrative expenses consisted mostly of head office salaries, marketing and office expenses and other holding costs as the Company's core business transitioned from feasibility study activities to the development and construction of the Moss Mine. Increases in general and administrative costs compared to the previous year were due to increased salary costs as reduced senior management salaries were in effect in 2015 and increased depreciation related to idle exploration equipment.
- Invested \$1,494,756 in the Company's mining interests and property, plant and equipment during the three months ended June 30, 2016 (2015: \$858,027), which related to the purchase of the remaining 30% of the

Moss Mine, engineering and permitting costs related to the development of the Moss Mine and other adjustments.

Financial results for the year ended June 30, 2016

- Recorded a net loss of \$3,749,192 (2015: net income of \$3,815,454), which consisted mostly of general and administrative expenses of \$3,759,628 (2015: \$1,780,328). General and administrative expenses consisted mostly of head office salaries, professional fees, marketing and office expenses and other holding costs as the Company went through the arbitration process and the core business transitioned from feasibility study activities to the development and construction of the Moss Mine. Increases in general and administrative costs compared to the previous year were due to increased salary costs as reduced senior management salaries were in effect in 2015, an increase in professional fees relating to arbitration with Patriot Gold and increased depreciation related to idle exploration equipment.
- Invested \$2,942,451 in the Company's mining interests and property, plant and equipment during the year ended June 30, 2016 (2015: \$3,297,794), which related to the purchase of the remaining 30% of the Moss Mine and engineering and permitting costs related to the development of the Moss Mine.

3. Subsequent Events

Subsequent to June 30, 2016:

- the Company completed the initial tranche of a non-brokered private placement of unsecured convertible debentures, raising gross proceeds of \$7,225,000. Each Debenture has an issue price of \$100, matures on May 31, 2021, bears interest at 5% per annum, payable on May 31 and November 30 of each year while outstanding, which interest, subject to regulatory approval, may at the option of the Company be settled in common shares. The Debentures are convertible into common shares ("Conversion Shares") of the Company at the price of \$0.50 per Conversion Share. The Debentures and, if issued within four months of the date of issue of the Debentures, the Conversion, will be subject to a four month hold period from the date of issuance of the Debentures in accordance with applicable securities laws. Aggregate finders' fees of \$430,500 payable in cash and 516,600 finders' warrants were issued on this tranche to parties at arm's length. Each finders' warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.50 until July 14, 2019.
- the Company granted 2,645,000 stock options to employees, consultants, directors and officers at an exercise price of \$0.46 with a five year expiry period.
- 33,334 stock options were exercised for proceeds of \$8,333.
- the Company obtained TSX-V approval to extend the closing date of the Debenture private placement up to October 31, 2016.

4. Review of Development and Exploration Projects

Moss Mine, Mohave County, Arizona

The Company owns 100% of the Moss Mine project.

On March 7, 2011, the Company entered into an agreement ("2011 Agreement") with Patriot Gold Corp. ("Patriot Gold") whereby the Company was granted the right to earn a 70% interest in the Moss Mine project. To fulfill the terms of the 2011 Agreement and thereby earn its interest the Company paid Patriot Gold US\$500,000 upon execution of the agreement and agreed to spend an aggregate total of US\$8,000,000 over five years as well as complete a bankable feasibility study ("BFS"). On June 8, 2015, the Company announced the results of the feasibility study that served as the BFS required for the 2011 Agreement and as of June 30, 2015, the Company had spent in excess of US\$8,000,000 thereby satisfying the "earn-in" obligation. The BFS was delivered and received by Patriot Gold on July 20, 2015 which was the formal "earn-in" date which the Company had earned a 70% interest in the Moss Mine project.

The Company and Patriot Gold were engaged in an arbitration process under the 2011 Agreement in which Patriot Gold alleged it was entitled to "operating profits" from the pilot plant operations and a feasibility study was required to analyze a property-wide mine. The Company disagreed with both allegations and denied there were operating profits from pilot

plant operations. Legal proceedings were completed in early December 2015 and on January 22, 2016, the Company announced that it had received the arbitrator's award arising out of the December 2015 arbitration with the Company prevailing on both the disputed matters.

On May 26, 2016, the Company completed an agreement with Patriot Gold, whereby the Company purchased Patriot Gold's remaining 30% interest in the Moss Gold/Silver Mine for \$1,200,000 cash and 857,140 common shares plus the retention by Patriot Gold of a 3% NSR royalty. The common shares were issued with a fair value of \$342,856.

In addition, the Company has royalty agreements with various parties whereby the Company pays NSR royalties ranging from 1% to 3.5% on certain patented and unpatented claims.

On commercial production, a fee of up to US\$15 per troy ounce of gold produced and up to US\$0.35 per troy ounce of silver produced is payable to this non-related party. The fee can be purchased by the Company for US\$2,400,000. As at June 30, 2016, the Company has recorded expenses to date of US\$729,752 regarding finder's fees.

Based on the Company's forecast for the Moss Mine, head office expenditures attributable to the support of mining activities, net operating losses and tax pools of capitalized assets on the Moss Mine will generate tax benefits that are expected to significantly offset taxable income in the initial years of commercial production. As of June 30, 2016, the Company has approximately US\$35.5 million in tax pools, primarily comprised of loss carry-forwards, unused interest expenses on inter-company loans and current capitalized assets that will be applied against taxable income once commercial production commences. Utilizing these tax deduction pools will significantly enhance the Company's economics over and above the analysis of the Feasibility Study.

Feasibility Study

The FS, which was completed on time and on budget, served as the BFS required by the 2011 Agreement and as the Company's position for the arbitration with Patriot Gold. The FS also forms the basis for the Company's business plan going forward. The FS was prepared in accordance with standard industry practices, is summarized and disclosed in accordance with NI 43-101 and is filed on the Company's profile on SEDAR.

The FS envisions an open-pit mining operation with crushing, agglomeration and stacking of ore onto a conventional heap leach pad. Gold and silver recovery will be achieved by a Merrill Crowe process to produce doré bar at the project site. The Moss Mine Project has been designed to have a 5-year mine life at a projected mining rate of 5,000 tonnes per day ("tpd").

The key highlights, at prices of US\$1,250/oz Gold and US\$20/oz Silver, 100% Project basis are:

Annual Production (5,000 tpd)	1,750,000 tonnes per year
Strip Ratio	1.62
Average Gold grade	0.826 grams per tonne ("g/t")
Average Silver grade	9.282 g/t
Average Gold Equivalent ("AuEq") grade*	0.93 g/t
Recoveries to Doré	Gold 82% and Silver 65%
Life of Mine Gold Production	173,490 oz
Life of Mine Silver Production	1,530,650 oz
Initial Capital Costs (including indirects)	US\$33 million
Operating Costs (@5,000 tpd)	US\$13.19/tonne
Gold Equivalent Ounces/yr (Avg. @5,000 tpd)	42,000 oz/yr
Gold Equivalent Cash Cost (@5,000 tpd)	US\$514.27/oz
Cash Cost net of Ag/oz (@5,000 tpd)	US\$409.07
All-in Sustaining Costs AuEq**(LOM)	US\$624.01/oz
NPV 5% after tax	US\$55.25 million
IRR after tax	44.3%
Payback Period after tax	2.4 years

*Gold equivalent grades are defined in the footnotes to the Reserve Statement below

**All-in Sustaining Costs ("AISC") as presented are defined by the World Gold Council less corporate G&A

The Moss Mine Project encompasses 15 patented lode claims covering 102.8 hectares and 468 unpatented lode claims for a total of 4,030.8 hectares. The focus of the FS is the gold-silver mineralization associated with the Moss Vein, the West Extension and adjacent stockworks on the patented claims. All of the project facilities, including the open-pit, heap leach pad, waste dumps and other ancillary works are designed to be constrained wholly within the patented claims.

The FS is based on contract mining for the full 5-year mine life. Mine production will ramp up from an initial 2,500 tpd at Month 1, to 3,500 tpd at Month 7 and then full production of 5,000 tpd in Month 13. Current Federal and Arizona State taxes were incorporated into the cash flow model and the "unit of production" depreciation method was used to calculate taxable income. The economic analysis was carried out on a project basis and does not take into account any potential tax savings available to Golden Vertex. Given the location and relatively uncomplicated nature of the project, the Base Case uses a 5% discount factor in arriving at the project Net Present Value ("NPV"). Standard payback calculation methodology was also utilized.

The FS was prepared by a team of independent specialist consultants that included M3 (process facility and site infrastructure design and costing), Golder Associates of Tucson, AZ (heap leach design and costing and storm water management designs and costing), SAB Mining Consultants of Hamilton, UK (mineral reserves, mine planning and production scheduling), MineFill (pit geotechnical), Smith Water Management Consultants of Richmond, B.C. (groundwater resources), and CDM Smith of Phoenix, AZ (project permitting). The FS team was managed by Dr. David Stone, PE of MineFill.

Mineral Resource Estimate

The FS is based on the previously reported mineral resource estimate prepared by David Thomas, P.Geo., with an effective date of October 31, 2014, which is referenced later in this section.

Mineral Reserve Estimate

Mineral resources were estimated from conventional Lerchs-Grossman ("LG") techniques to establish mineable shapes with the mineral resource block model and an optimum pit shell. Only Measured and Indicated resources can be upgraded to a mineral reserve. For the FS, a detailed mine plan was developed within the LG defined pit, to which the detailed operating costs were then applied.

Two cut-off grades were applied to the mineral reserves. Primary Ore material assumes an economic cut-off grade of 0.25 g/t Au whereas Low Grade Ore assumes a cut-off of 0.20 g/t Au. During mining, it is assumed the Low Grade ore will be stockpiled for processing towards the end of the mine life when the Primary Ore nears depletion and there is insufficient ore feed for processing. The reserve figures include 5% dilution with zero grade waste and 95% in-pit mining recovery.

Results of the mineral reserve estimation are shown below.

Material	Category	ROM (MT)	Diluted Au (g/t)	Diluted Ag (g/t)	Contained Au (oz)	Contained Ag (oz)	Diluted AuEq (g/t)	Contained AuEq (oz)
Primary Ore	Proven	4.20	0.95	10.01	128,160	1,352,030	1.07	144,490
	Probable	3.30	0.75	9.20	79,770	976,260	0.86	91,240
	<i>Combined</i>	<i>7.50</i>	<i>0.86</i>	<i>9.66</i>	<i>207,930</i>	<i>2,328,290</i>	<i>0.97</i>	<i>233,900</i>
Low Grade Ore	Proven	0.25	0.22	2.99	1,740	24,070	0.25	2,010
	Probable	0.21	0.22	3.54	1,460	23,920	0.26	1,760
	<i>Combined</i>	<i>0.46</i>	<i>0.22</i>	<i>3.24</i>	<i>3,190</i>	<i>47,980</i>	<i>0.25</i>	<i>3,700</i>
ALL	Combined	7.96	0.82	9.29	211,130	2,376,270	0.93	238,010

The above in-pit reserves do not include unprocessed ore mined during Phase I – Pilot Plant operations.

The following table outlines the additional reserves available in stockpiles.

Existing Stockpiles	Au (g/t)	Ag (g/t)	Tonnes	Au (oz)	Ag (oz)	AuEq (g/t)	AuEq (oz)
High Grade Stockpile	2.126	29.99	1,922	130	1,850	2.47	150
Low Grade Stockpile	0.854	10.70	23,913	660	8,230	0.98	750
Waste Dump	0.654	6.49	36,130	760	7,540	0.73	850
Total	0.777	8.84	61,965	1,550	17,620	0.88	1,750

Mining

Mine design has been tailored to take advantage of the natural linear structural features of the Moss deposit. The mine production schedule is shown below. Tonnages are in millions of tonnes ("MT").

Mine Production Schedule

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total In-Pit Material MT	3.5	6.0	4.3	4.3	2.9	21.0
Waste MT	2.4	4.2	2.4	2.5	1.6	13.0
Strip Ratio	2.1	2.3	1.3	1.4	1.2	1.6
Total ROM MT	1.135	1.809	1.903	1.822	1.293	7.962
Au g/t (diluted)	0.86	0.84	0.82	0.59	1.11	0.82
Ag g/t (diluted)	8.69	9.01	9.53	7.14	12.84	9.28
Primary ROM MT	1.079	1.688	1.781	1.690	1.262	7.500
Au g/t (diluted)	0.89	0.88	0.87	0.62	1.13	0.86
Ag g/t (diluted)	8.99	9.46	9.96	7.41	13.06	9.66
Low Grade ROM Tonnes	<i>0.056</i>	<i>0.121</i>	<i>0.121</i>	<i>0.132</i>	<i>0.031</i>	0.461
Au g/t (diluted)	<i>0.21</i>	<i>0.22</i>	<i>0.22</i>	<i>0.22</i>	<i>0.22</i>	0.22
Ag g/t (diluted)	<i>2.85</i>	<i>2.81</i>	<i>3.26</i>	<i>3.67</i>	<i>3.70</i>	3.24

Mining will produce roughly 13 MT of waste rock during the life-of-mine. The project facilities include the capacity to store 14 MT of waste on the patented claims including 2.7 MT placed as backfill into the mined out open-pit, and 0.6 MT classed as low grade ore in stockpiles.

Metallurgy

Bench scale and pilot scale metallurgical testing have shown the Moss deposit mineralization to be amenable to precious metals recovery by cyanide leaching in a heap leach environment.

Pilot heap operations in Phase I were used to confirm the total precious metals recovery, and recovery curves for commercial operations. The pilot heap achieved a total gold recovery of 82%, and a total silver recovery of 38%. The low silver recoveries in the pilot heap can be attributed to the carbon-in-pulp recovery plant which typically performs poorly with silver. A Merrill Crowe process was thus selected for the Phase II commercial operations in order to maximize the recovery of silver, and to allow the production of doré bars on site.

Processing

Ore from the open pit will be crushed to 6.35 mm and then agglomerated with cement prior to loading on the heap leach pad in 10 m lifts. The crushing circuit will employ three stages of crushing consisting of a primary jaw crusher, a secondary cone crusher, and a two-stage tertiary cone crusher.

The heap leach pad has been designed to accommodate 8.5 MT of ore. The pad covers an area of 215,000 m² and will be constructed in 3 stages. During peak operations, some 45,000 m² of pad area will be under leach.

Gold and Silver production (oz/year) by year is highlighted below:

	1	2	3	4	5	6	Total
Au	17,227	37,086	41,581	30,589	37,378	11,383	175,244
Ag	135,300	316,372	366,006	288,554	349,330	106,322	1,561,884
AuEq	19,392	42,148	47,437	35,206	42,968	13,084	200,234

Infrastructure and Services

The Moss Mine site is not connected to the main electrical grid that serves Mohave County, hence the FS assumes diesel power generation using five 750kW generators. Three of the generators will be located at the crusher, and two will be located at the Merrill Crowe plant. There are no material infrastructure requirements due to the favourable location of the Moss Mine Project, situated only 6 miles from Bullhead City and a paved highway system that leads south to Phoenix and north to Las Vegas.

The primary water source for the heap leaching operations will be groundwater wells and dewatering of the open-pit.

Capital Estimate

The FS capital estimate is based on vendor quotes for all the major capital items including conveyors, crushers, the Merrill Crowe facility, heap leach pad construction (earthworks and liners) and other ancillary works.

Capital savings were achieved by the re-use and recycle of components already purchased for the Phase I pilot heap operations. This included office trailers, laboratory facilities, staff vehicles, solution pumps, twelve 10,000 gallon water tanks, a 350 tonne cement silo, and the re-use of the spent ore from the Phase I heap for inter-liner material in the Phase II leach pad area.

Total initial capital costs are estimated at US\$33,008,960 comprising US\$24,838,885 in direct costs, US\$4,339,641 in indirect costs, a 7.5% contingency on the direct and indirect costs and US\$1,650,000 in owner costs.

Initial Capital Cost Estimate

Area	Capital (US\$)
Site General Costs	\$ 895,619
Mine Equipment *	\$ -
Primary Crushing	\$ 1,914,626
Fine Crushing	\$ 4,311,434
Crushed Ore Transfer	\$ 1,479,804
Leach Pad Piping	\$ 1,482,549
Leach Pad Earthworks/Liner	\$ 5,251,058
Pond Earthworks/Liner	\$ 1,202,534
Merrill Crowe	\$ 4,410,729
Refinery	\$ 1,726,463
Water Systems	\$ 1,062,094
Power Generation	\$ 838,330
Reagents	\$ 195,297
Ancillary	\$ 68,348
TOTAL DIRECT COSTS	\$ 24,838,885
INDIRECTS	\$ 4,339,641
CONTINGENCY	\$ 2,180,434
OWNERS COSTS	\$ 1,650,000
TOTAL CAPITAL COST	\$ 33,008,960

**Mining equipment is being supplied by the mining contractor.*

Operating Costs

Operating costs were calculated in three areas: mining, process and G&A. Mining costs were derived directly. The Company invited several industry experienced mining contractors to submit bids for the mining component of the FS. The Company intends to select the preferred contractor and proceed to negotiate a Services Contract with the successful bidder. Process and G&A operating costs were estimated largely from first principles and from quotes for some of the major consumables including cyanide, cement and fuel. The life of mine operating cost estimate is shown below:

Operating Cost Estimate – per tonne processed

Mining	US\$5.96/tonne
Process	US\$6.65/tonne
General/Administration	US\$0.95/tonne
TOTAL OPERATING COST	US\$13.56/tonne

Project Economics and Sensitivity Analyses

The following tables illustrate the Base Case project economics and the sensitivity of the Moss Mine Project to changes in the base case metal prices, operating costs and capital costs. As is typical with precious metal projects, the Moss Mine Project is most sensitive to metal prices, followed by operating costs, and initial capital costs. As noted below, the Moss Mine Project is relatively insensitive to changes in these items.

Project Economics

	Pre-Tax	After-Tax
NPV@ 5%	US\$75.30 M	US\$55.30 M
IRR%	54.6%	44.3%
Payback (yrs)	2.3	2.4

Metal Price Sensitivity – After-Tax

	Metal Price Sensitivity						
	Gold Price (US\$)	Silver Price (US\$)	NPV @ 0% (US\$)	NPV @ 5% (US\$)	NPV @ 10% (US\$)	IRR	Payback
+20%	\$1,500	\$24	\$103,667,000	\$84,231,000	\$68,709,000	62.7%	2.1
+10%	\$1,375	\$22	\$87,063,000	\$69,817,000	\$56,056,000	53.7%	2.2
0%	\$1,250	\$20	\$70,288,000	\$55,253,000	\$43,271,000	44.3%	2.4
-10%	\$1,125	\$18	\$52,954,000	\$40,199,000	\$30,050,000	34.2%	2.7
-20%	\$1,000	\$16	\$34,861,000	\$24,454,000	\$16,195,000	23.2%	3.3

Operating Cost Sensitivity – After-Tax

	Operating Cost Sensitivity				
	NPV @ 0% (US\$)	NPV @ 5% (US\$)	NPV @ 10% (US\$)	IRR	Payback
+20%	\$55,493,000	\$42,171,000	\$31,581,000	34.7%	2.7
+10%	\$63,010,000	\$48,824,000	\$37,530,000	39.5%	2.6
0%	\$70,288,000	\$55,253,000	\$43,271,000	44.3%	2.4
-10%	\$77,259,000	\$61,415,000	\$48,775,000	48.8%	2.3
-20%	\$84,082,000	\$67,448,000	\$54,165,000	53.4%	2.2

Capital Cost Sensitivity – After-Tax

	Capital Cost Sensitivity				
	NPV @ 0% (US\$)	NPV @ 5% (US\$)	NPV @ 10% (US\$)	IRR	Payback
+20%	\$66,008,000	\$50,653,000	\$38,414,000	36.4%	2.6
+10%	\$68,162,000	\$52,966,000	\$40,854,000	40.1%	2.5
0%	\$70,288,000	\$55,253,000	\$43,271,000	44.3%	2.4
-10%	\$72,384,000	\$57,515,000	\$45,665,000	49.1%	2.3
-20%	\$74,457,000	\$59,757,000	\$48,043,000	55.0%	2.2

Permitting

All of the facilities of the Moss Mine Project that are the subject of the FS, have been constrained to be entirely within the boundaries of the 15 patented claims. This will allow the project to be developed exclusively on private land pursuant to applicable state and federal law. This development plan will allow early development of the Moss Mine Project as the timelines for permit approvals on patented lands are shorter than those that would be required if mining on the unpatented claims are incorporated into the development plan.

Corporate Initiatives/Socio-Economics

The Company, through its US subsidiary, Golden Vertex, is endeavouring to be an organization recognized for its safety culture, community commitment, tribal involvement, educational enhancement, open communication culture and transparency that will create a legacy for the stakeholders in the Bullhead City area for many years to come.

As the FS contemplates a mine developed exclusively on patented lands, there are no land ownership conflicts or specific surface use agreements that have to be negotiated. The mine will be accessed via an existing road, which has been used for over 100 years for mining and related activities in the surrounding area. The road crosses public land on which the Company owns or controls unpatented mining claims associated with the mine. The mine is removed from the nearest community – Bullhead City – and does not infringe upon any other land uses apart from periodic off-road recreational activities. The Company remains focused on working effectively and respectfully with local stakeholders to enhance the capacity of the local communities in the area.

Resource Update

On December 31, 2014, the Company announced that it filed a technical report in accordance with NI 43-101 in support of the Company's November 17, 2014 news release, which outlined an updated Mineral Resource estimate at its Moss Mine. The independent Technical Report is dated December 30, 2014 and has an effective date of October 31, 2014.

The updated Mineral Resources for the Project were classified under the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves by application of a cut-off grade that incorporated mining and metallurgical recovery parameters and on-site cost estimates. Additionally, the updated Mineral Resources are constrained within a pit constrained LG pit shell defined by commodity prices, metallurgical recoveries, operating costs and final pit slope angles. Long-term metal prices of \$1,250/oz. and \$20/oz. for gold and silver, respectively were used. The updated Mineral Resources are tabulated in the table below and have an effective date of October 31, 2014. The Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is David G. Thomas, P.Geo (refer to November 17, 2014 news release).

The updated Mineral Resource is as follows:

Category	Tonnes	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)	Au Eq g/t	Au Eq (oz)
Moss & Ruth Veins							
Measured	4,265,000	1.03	10.9	141,000	1,490,000	1.17	160,000
Indicated	4,910,000	0.87	11.8	137,000	1,860,000	1.02	161,000
Measured & Indicated	9,175,000	0.94	11.4	278,000	3,350,000	1.09	321,000
Inferred	805,000	0.60	4.5	16,000	120,000	0.66	17,000
West Extension							
Measured	595,000	0.54	7.3	10,000	140,000	0.63	12,000
Indicated	5,710,000	0.48	6.1	88,000	1,110,000	0.55	102,000
Measured & Indicated	6,305,000	0.48	6.2	98,000	1,250,000	0.56	114,000
Inferred	1,375,000	0.52	6.3	23,000	280,000	0.59	26,000
Combined Total							
Measured	4,860,000	0.97	10.4	152,000	1,630,000	1.10	172,000
Indicated	10,620,000	0.66	8.7	225,000	2,980,000	0.77	263,000
Measured & Indicated	15,480,000	0.76	9.3	377,000	4,610,000	0.87	435,000
Inferred	2,180,000	0.55	5.6	38,000	390,000	0.62	43,000

Silver Creek Property, Mohave County, Arizona

On May 16, 2014, the Company announced that it had secured a lease and option on the Silver Creek property, located adjacent to the Moss Mine with La Cuesta International, Inc. ("LCI"). The Silver Creek property, comprised of approximately 1,457 hectares, consists of 180 claims and one leased state section.

The mineral lease and option agreement, effective May 7, 2014, has a term of 35 years and requires the Company to pay LCI US\$5,000 cash and issue 100,000 common shares on execution. The US\$5,000 cash payment and 100,000 share issuance have been paid. Payments and commitments to LCI are as follows:

	<u>Cash Payments</u>	<u>Minimum Work Commitments</u>
Year 1 (May 7, 2015)	US\$10,000 (paid)	US\$15,000 (completed)
Year 2 (May 7, 2016)	US\$20,000 (paid)	US\$20,000 (completed)
Year 3 (May 7, 2017)	US\$30,000	US\$200,000
Year 4 (May 7, 2018)	US\$45,000	No Minimum
Every 6 Months, thereafter	US\$25,000	No Minimum

The agreement provides for a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling US\$4,000,000 in any combination of aggregate royalty and lump-sum payments at its sole discretion. All payments other than the work commitments are credited against the royalty. Once US\$4,000,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%.

To date, only surface work has been carried out on the property (rock sampling, mapping and geophysics). No drilling has taken place. The Company is currently conducting ground-level exploration to evaluate the various exploration targets on the property, which is intended to complement the exploration plan that is underway on the Moss Mine and that previously outlined the prospectivity of the Moss Mine as a result of a recent airborne magnetics survey. These exploration elements will run concurrently with the Company's business plan for the Moss Mine including the development for Phase II – Commercial Operations.

Lemhi Gold Property, Lemhi County, Idaho

On February 12, 2013, the Company completed the sale of its 51% interest in the Lemhi Gold Trust, LLC ("Lemhi JV LLC") to Idaho State Gold Company, LLC ("ISGC"), a private Idaho investment company. Pursuant to the sale, deferred cash payments, equal to 3% of all future expenditures at the Lemhi Gold Property (the "Lemhi Property") by the purchaser, are payable to the Company in quarterly installments and capped at US\$2,903,000.

During the year ended June 30, 2016, the Company recorded \$nil (2015: \$11,393) as part of the deferred cash payments from ISGC. Total payments received to date remained at \$70,043. Due to the uncertainty regarding the collectability of the deferred cash payments, payments will be recorded as income when received.

5. Outlook and Strategy

The key strategic priorities for the Company are to finalize debt, equipment and equity financings, commence construction for the Moss Mine Project, and obtain operating permits that are required to advance the Moss Mine project towards commercial production.

The Company has obtained credit approval from Macquarie Bank to provide a project finance facility ("the Macquarie Facility"), of up to US\$20,000,000 to be used to fund projected development costs of the Moss Mine Project. Drawdown of the Macquarie Facility is subject to a number of conditions including additional legal and technical due diligence, delivery of a formal commitment from Macquarie to provide the Macquarie Facility in the form of a committed offer letter or final documentation for the Macquarie Facility, obtaining all required permits and securing sufficient equity to fully fund the project.

Additional priorities involve the continued exploration of the Moss and Silver Creek properties where the potential exists to make new discoveries and to continue to support the various community related initiatives that the Company has started in both the educational and community development areas.

The Company's directors and management believe that these priorities are formulating a solid foundation for Northern Vertex, and its shareholders, as it continues working towards building a well respected operating mining company.

Gold prices, continue to be unpredictable, which have adversely affected access to capital for gold mining companies, particularly junior ones, and the Company is not immune from these challenges. Currency fluctuations between the Canadian and the US dollar continue to be volatile and the Company continuously monitors the rates and its US dollar obligations.

Given the positive economics of the Moss Mine project which is located in a mining friendly jurisdiction, the Company is committed to an accelerated mine construction schedule and plans to advance its efforts in moving the mine towards commercial production as soon as possible.

6. Selected Annual Information

The following selected annual financial information is derived from the audited Financial Statements of the Company for the three most recently completed financial years:

	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
Revenue ¹	\$ -	\$ -	\$ -
Net income (loss)	(3,749,192)	3,815,454	(4,166,638)
Basic and diluted income (loss) per share	(0.04)	0.05	(0.07)
Total assets	28,634,351	26,798,148	23,036,722
Total non-current financial liabilities	1,055,130	1,063,089	782,761

¹ As the Company is in the development phase and not in commercial production, proceeds from the sale of gold and silver produced at the pilot plant (net of royalties and selling costs) are offset against capitalized costs incurred. No sales occurred during the year ended June 30, 2016.

Factors that have caused period to period variations in total assets include significant financings, as further described in section 10 of this MD&A. The net loss for the year ended June 30, 2016 included depreciation of \$255,900; salaries, wages, benefits and subcontractor expenses of \$1,097,788; and professional fees of \$1,465,551 as a result of costs incurred for the arbitration with Patriot Gold and as the Company transitions from an exploration to a development company.

The net income for the year ended June 30, 2015 included a foreign exchange gain of \$5,545,653 due to the strengthening of the US dollar in fiscal 2015; salaries, wages, benefits and subcontractor expenses of \$696,673; share-based payment expense of \$223,999; and professional fees of \$218,077 as a result of cost reduction efforts. The net loss for the year ended June 30, 2014 included salaries, wages, benefits and subcontractor expenses of \$1,270,602; share-based payment expense of \$1,391,262; and professional fees of \$506,265 as a result of Company's expansion in fiscal 2014.

7. Summary of Quarterly Results

	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended September 30, 2014
Revenue ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(2,593,404) ²	(3,770,409) ³	461,594 ⁴	2,153,027 ⁵	(1,173,507) ⁶	2,846,919	899,275	1,242,767
Basic and diluted income (loss) per share	(0.03)	(0.04)	0.01	0.03	(0.02)	0.04	0.01	0.02

¹ As the Company is in the development phase and not in commercial production, any proceeds from the sale of gold and silver produced at the pilot plant are offset against capitalized costs incurred. No sales occurred during the year ended June 30, 2016.

² Included was a non-cash unrealized foreign exchange loss of \$1,411,756 that was attributed to the weakening of the US dollar in comparison to the Canadian dollar from the previous quarter end.

³ Included was a non-cash unrealized foreign exchange loss of \$3,144,066 that was attributed to the weakening of the US dollar in comparison to the Canadian dollar.

⁴ Included was a non-cash unrealized foreign exchange gain of \$1,746,381 that was attributed to the strengthening of the US dollar in comparison to the Canadian dollar.

⁵ Included was a non-cash unrealized foreign exchange gain of \$2,813,147 that was attributed to the strengthening of the US dollar in comparison to the Canadian dollar.

⁶ Included was a non-cash unrealized foreign exchange loss of \$535,432 that was attributed to the weakening of the US dollar in comparison to the Canadian dollar.

The variation in net loss for the three months ended June 30, 2016 compared to the three months ended March 31, 2016 reflected an increase in general and administration during the current period relating to the expensing of supporting site costs for the Moss Mine. In addition, a weakening of the US dollar against the Canadian dollar from March 31, 2016 to June 30, 2016 resulted in an unrealized foreign exchange loss in the three months ended June 30, 2016 as compared to the previous quarter.

The variation in net loss for the three months ended March 31, 2016 to compared to the net income for the three months ended December 31, 2015 reflected a decrease in general and administration due to an increase in professional fees during the second quarter relating to the arbitration with Golden Patriot. The Company also recorded an unrealized foreign exchange loss of \$3,144,066 in the three months ended March 31, 2016 due to the weakening of the US dollar against the Canadian dollar compared with a gain during the comparative period.

The variation in net income for the three months ended December 31, 2015 compared to the three months ended September 30, 2015 reflected the increased professional, consulting and travel costs incurred as the Company prepared for and participated in the arbitration. The Company also recorded an unrealized foreign exchange gain of \$1,746,381 in the three months ended December 31, 2015 due to the strengthening of the US dollar against the Canadian dollar relating to intercompany loans.

The variation in net income for the three months ended September 30, 2015 to the three months ended June 30, 2015 reflected the increased professional, consulting and travel costs incurred as the Company prepared for arbitration. The Company also recorded an unrealized foreign exchange gain of \$2,813,147 in the three months ended September 30, 2015 due to the strengthening of the US dollar against the Canadian dollar relating to intercompany loans.

The variation in net loss for the three months ended June 30, 2015 to the net income for the three months ended March 31, 2015 reflected the continued care and maintenance operations at the Moss Mine. The Company also recorded an unrealized foreign exchange loss of \$535,432 in the three months ended June 30, 2015 due to the weakening of the US dollar against the Canadian dollar.

Further information relating to factors which have caused period to period variations is included in the following section, *Results of Operations*, of this MD&A.

8. Results of Operations

For the year ended June 30, 2016, the Company incurred a net loss of \$3,749,192, compared to a net income of \$3,815,454 for the year ended June 30, 2015. The factors contributing to the net loss as compared to the previous year's net income are discussed below.

Administrative expenses

For the year ended June 30, 2016, the Company incurred total administrative expenses of \$3,759,628 (2015: \$1,780,328), which included a non-cash share-based payment expense of \$115,381 (2015: \$223,999); salaries, wages, benefits and subcontractor expenses of \$1,097,788 (2015: \$696,673); professional fees of \$1,465,551 (2015: \$218,077); marketing and community relations expenses of \$220,193 (2015: \$46,884); property fees of \$nil (2015: \$147,609); travel, meetings and conferences of \$89,105 (2015: \$71,047); management fees of \$120,000 (2015: \$60,000); depreciation of \$255,900 (2015: \$58,341); office and miscellaneous expenses of \$218,174 (2015: \$209,669); and site security costs of \$66,779 (2015: \$nil).

Significant variances for the year are noted as follows: The decrease in share-based payment expenses reflected that no options were issued during fiscal 2016. The increase in management fees and salaries, wages, benefits and subcontractor expenses related primarily to the Company's scheduled reduced reinstatement of key management compensation during the prior year. Professional fees increased significantly as a result of legal and consulting services required for the arbitration with Patriot Gold. Travel, meetings and conferences also increased as a result of arbitration related management travel and meetings. Marketing costs increased as a result of increased efforts to pursue potential investors. The Company entered into corporate development and marketing consulting contracts in the third quarter of fiscal 2016. Additionally, in fiscal 2016, the Company expensed depreciation, salaries, subcontractor and site security costs related to the Moss Mine during the period which the site was on care and maintenance.

Other income and expenses

The Company recorded a foreign exchange gain of \$3,706 (2015: \$5,545,653) during the year ended June 30, 2016. The decrease compared to the previous year resulted from a change in the Company's assessment of repayment of loans receivable from its subsidiaries and, as the loans will not be repaid in the foreseeable future, all foreign exchange gains were included in other comprehensive loss for the year.

9. Fourth Quarter

For the three months ended June 30, 2016, the Company incurred a net loss of \$2,593,404 (2015: \$1,173,507). The factors contributing to the decrease in net loss in the fourth quarter of 2016 as compared to the fourth quarter of 2015 are discussed below.

Administrative expenses

For the three months ended June 30, 2016, the Company incurred total administrative expenses of \$1,181,004 (2015: \$642,057), which was driven primarily by a non-cash share-based payment expense of \$8,246 (2015: \$67,712); salaries, wages, benefits and subcontractor expenses of \$516,931 (2015: \$205,529); professional fees of \$137,246 (2015: \$138,159); marketing and community relations expenses of \$112,008 (2015: \$8,030); depreciation expense of \$212,967 (2015: \$14,545); office and miscellaneous expenses of \$87,414 (2015: \$16,602); and Moss Mine site security expense of \$66,779 (2015: \$nil) that was capitalized to mining interests in the three months ended June 30, 2015.

Significant variances for the three months are noted as follows: Marketing costs increased significantly as a result of greater marketing efforts in pursuit of potential investors. The substantial decrease in share-based payment expenses reflected that the Company did not issue any options in fiscal 2016. Property fees regarding the 3% finder's fee were paid to a non-related party on exploration expenditures for the Moss Mine in fiscal 2015, as further described in *Review of Development and Exploration Projects – Moss Mine*. The three months ended June 30, 2015 included a provision estimated to be \$126,945 to settle finder's fees obligations before commercial production commences. No such provision was required for fiscal 2016. Additionally, during the fourth quarter, the Company expensed depreciation, salaries, subcontractor and site security costs related to the Moss Mine during the period which the site was on care and maintenance.

Cash flows

Cash used in operating activities during the quarter ended June 30, 2016 were \$1,367,456 (2015: \$495,899). Increase in cash used in operating activities from the comparative period in the prior year was primarily due to increased general and administrative costs and payment of outstanding trade accounts payable during the quarter ended June 30, 2016.

Cash used in investing activities during the quarter ended June 30, 2016 totaled \$1,151,900 (2015: \$729,748) and consisted primarily of expenditures on mining interests of \$1,494,756 (2015: \$858,027), which relates primarily to the Company's expenditures Moss Mine, including the purchase of the remaining 30% interest in the mine during May.

Cash provided by financing activities during the quarter ended June 30, 2016 totalled \$294,857 (2015: \$1,280,400) which consisted of \$150,000 cash received in advance related to the convertible debenture private placement, of which the initial tranche closed subsequent to June 30, 2016.

10. Liquidity and Capital Resources

As at June 30, 2016, the Company had cash of \$1,297,416 (2015: \$3,209,343). The decrease in cash compared to the year ended June 30, 2016 was primarily due to cash used in investing activities for the Moss Mine and cash used in operating activities, offset by proceeds received from private placements.

Cash used in operating activities during the year ended June 30, 2016 were \$3,437,154 (2015: \$1,948,789). The increase in cash used in operating activities was primarily due to increased general and administrative costs relating to the Patriot Gold arbitration during the year.

Cash used in investing activities during the year ended June 30, 2016 totalled \$2,600,233 (2015: \$1,404,360). Cash outflows consisted of expenditures on mining interests and property, plant and equipment including the purchase of the remaining 30% interest in the Moss Mine and engineering and permitting costs related to the development of the Moss Mine.

Cash provided by financing activities during the year ended June 30, 2016 were \$4,123,111 (2015: \$2,433,816) and consisted of cash received from private placements, net of issuance costs, of \$5,289,170 (2015: \$1,153,416) and decrease in subscriptions received in advance of \$1,130,400 (2015: increase of \$1,280,400). During the year ended June 30, 2016, the Company completed two non-brokered private placements for total gross proceeds of \$5,575,260 by issuing an aggregate total of 21,489,875 units.

On July 9, 2015, the Company closed its June 15, 2015 announced non-brokered private placement. The Company issued 13,015,000 units at a price of \$0.22 per unit for total gross proceeds of \$2,863,300. Each unit consists of one common share of the Company and one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one common share at an exercise price of \$0.45 until July 8, 2017.

On April 4, 2016, the Company closed the final tranche of a non-brokered private placement, issuing a further 500,000 units to the 7,974,875 units already issued in the first tranche, bringing the aggregate total units issued to 8,474,875 at a price of \$0.32 per unit for total gross proceeds of \$2,711,960. Each unit consists of one common share of the Company and one transferable share purchase warrant, with each whole warrant entitling the holder to acquire one common share at an exercise price of \$0.50. The two tranches of warrants expire on March 31, 2019 and April 4, 2019, respectively. The Company paid total cash finders' fees of \$121,512 and total share issuance costs of \$19,484 to arm's length parties in relation to the private placement.

On July 15, 2016, the Company announced that it has completed the initial tranche of a non-brokered private placement of unsecured convertible debentures, raising gross proceeds of \$7,225,000. Further details are disclosed in section 3 of this MD&A. The Company intends to use the funds for development of the Moss Mine and general working capital.

A significant portion of the Company's cash as of June 30, 2016 was denominated in Canadian dollars. However, the Company does maintain cash balances denominated in US dollars and in conducting operations the Company made payments as appropriate in both Canadian and US dollars. Accordingly, the Company is subject to foreign currency rate fluctuations between the US and Canadian dollar.

During the year ended June 30, 2016, working capital decreased by \$2,229,960 from \$2,891,127 to \$661,167. The working capital decreased over the year primarily due to payment of significant trade accounts payable.

The Company's ongoing liquidity needs will be funded from current cash and future debt/equity financings as required to meet its short-term growth objectives, including further development and construction of the Moss Mine. The Company's ability to secure the required financing is in part dependent on overall market conditions, the price of gold and other factors outside the Company's control and there is no guarantee the Company will be able to secure any or all required financing in the future.

11. Contractual Obligations

Convertible Debentures

On May 25, 2016, the Company announced a non-brokered private placement of unsecured convertible debentures for gross proceeds of up to \$7,500,000. On July 15, 2016, Company closed the initial tranche of the private placement to raise gross proceeds of \$7,225,000, of which \$150,000 was received as at June 30, 2016. Each Debenture has an issue price of \$100 and matures on May 31, 2021. The Company is committed to making interest payments at interest rate of 5% per annum, payable semi-annually on May 31 and November 30 of each year while the Debentures are outstanding. For further details, see section 3 of this MD&A.

Office space lease agreements

The Company has entered into lease agreements for office space with terms that expire between fiscal 2017 and 2019, as disclosed in Note 18 in the Consolidated Financial Statements at June 30, 2016.

Other commitments

The Company is committed to making finder's fee payments regarding royalty payments on future commercial production as described in the section *Review of Development and Exploration Projects – Moss Mine*.

12. Off-Balance Sheet Arrangements

At the date of this MD&A, there were no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

13. Related Party Transactions

Related party transactions were incurred in the normal course of business and measured at their fair value as determined by management. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Related party transactions are as follows:

	Notes		June 30, 2016		June 30, 2015
Consulting fees	(i)	\$	405,602	\$	207,238
Shared office expenses	(ii)		29,660		34,474

(i) Consulting fees charged by companies controlled by certain directors of the Company are included in professional fees, subcontractor expenses and mining interests expenditures.

(ii) Shared office expenses charged to and from a company with directors in common are included in marketing, rent, travel, and office and miscellaneous expenses.

Related party balances are as follows:

		June 30, 2016		June 30, 2015
Consulting fees payable	\$	5,000	\$	5,000
Shared office expenses payable (receivable)		15,307		(11,439)

Commitments with related parties

The Company has entered into a corporate services agreement with a related company for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is \$5,000 and renews annually.

Key management personnel compensation

Key management personnel includes the Company's directors and key employees consisting of the Chairman of the Board, the President and Chief Executive Officer, and the Chief Financial Officer.

Compensation for the years ended June 30, 2016 and 2015 was as follows:

	Notes	June 30, 2016	June 30, 2015
Salaries and short-term benefits	(i)	\$ 478,879	\$ 422,537
Share-based payments		70,185	130,488

- (i) Salaries and short-term benefits are included in salaries, wages, benefits and subcontractor expenses, management fees, and mining interest expenditures.

14. Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

15. Proposed Transactions

As of the date of this MD&A, there were no proposed asset or business acquisitions or dispositions.

16. New Accounting Standards

There have been no changes to IFRS and IFRIC effective July 1, 2015 that impact the Company's financial statements.

17. Future Accounting Policy Changes Issued but not yet in Effect

Pronouncements that may have a significant impact to the Company have been included in the Company's Consolidated Financial Statements for the years ended June 30, 2016 and 2015.

18. Corporate Governance

The Company's Board of Directors and its committees adhere to recommended corporate governance guidelines for public companies listed on the TSXV to ensure transparency and accountability to shareholders. The current Board of Directors is comprised of five individuals, four of whom are independent of management as they are neither executive officers nor employees of the Company. The Audit Committee is currently comprised of three directors, who are independent of management.

The Audit Committee's role is to ensure the integrity of the Company's reported financial results through its review of the interim and audited annual consolidated Financial Statements prior to their submission to the Board of Directors for approval. The Audit Committee meets with management quarterly to review the consolidated Financial Statements, as

well as the MD&A, and to discuss financial, operating and other matters.

19. Outstanding Share Data

The total number of outstanding common shares, share options, and warrants at October 24, 2016 are 95,321,795, 8,705,000 and 39,004,198 respectively.

20. Financial Instruments and Financial Risk Management

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Cash and accounts receivable are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. The Company has no financial instruments classified in Level 2.

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2016:

Financial Assets		Level 1		Level 2		Level 3		Total
Cash	\$	1,297,416	\$	-	\$	-	\$	1,297,416
Trade and other receivables		25,527		-		-		25,527

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at June 30, 2016 related primarily to amounts due from related parties and Goods and Services Tax input credits and are expected to be collectible in full due to the nature of the counterparties and a previous history of collectability.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company manages its liquidity risk through the preparation of annual expenditure budgets, which are regularly monitored and updated as management considers necessary, and through the Company's capital management activities.

As at June 30, 2016, the Company's financial liabilities were comprised of trade and other payables of \$694,259 (2015: \$420,977), which have a maturity of less than one year.

(c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration and development stage and has not yet developed commercial mineral interests; the underlying market prices realized by the Company for mineral sales are impacted by changes in the exchange rate between the Canadian and the US dollar. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At June 30, 2016, \$207,873 of the Company's cash were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately \$26,851 on annual net loss.

(ii) Commodity price risk

Commodity price risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash that are held at variable market rates. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk. At June 30, 2016, the weighted-average interest rate on cash was 0.89%. With other variables unchanged, a 1% increase in the annualized interest rate would reduce annual net loss by \$12,830.

21. Risks and Uncertainties

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. Apart from financings, the Company currently has no additional sources of cash. The Company continues to evaluate financing alternatives to advance the Moss Mine.

The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company will require additional financings to further the development of the Moss Mine. There can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of the shareholders' entire investment.

Exploration and Development

Exploration for and development of gold properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting gold from ore. We cannot ensure that our current exploration and development programs will result in profitable commercial mining operations.

The economic feasibility of development projects is based upon many factors, including the accuracy of mineral resource and mineral reserve estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental management and protection; and gold prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest in, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

Environmental Regulations, Permits and Licenses

The current operations of the Company require permits from various federal and state authorities and such operations are subject to laws and regulations governing prospecting, exploration, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters. Environmental legislation in the State of Arizona provides restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from process ponds, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies, directors, officers and employees. The cost of compliance with changes in governmental

regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The Company believes that it is in substantial compliance with all material laws and regulation which currently apply to its activities. There can be no assurance that all permits which the Company may require for its exploration activities and operations will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases and the Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under such agreements to which it is party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact the availability of credit facilities to the Company.

Debt Financing

The Company has obtained credit approval from Macquarie Bank Limited to provide a project finance facility of up to US\$20 million. The closing of the financing is subject to numerous terms and conditions and as such, there can be no assurance that the Macquarie Facility will close or that the indicative terms defined will not change.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result and other persons would be required to manage and operate the Company.

22. Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

23. Cautionary Note Regarding Forward-Looking Information

The Company's consolidated financial statements and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include but are not limited to statements regarding the Company's future exploration and development plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a party, the ability of the Company to hire and retain employees and consultants and estimated administrative and other expenditures. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

24. Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

25. Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.northernvertex.com.