NORTHERN VERTEX MINING CORP.

Management's Discussion and Analysis
for the year ended June 30, 2013

Dated as of October 28, 2013

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The Management's Discussion and Analysis ("MD&A") of Northern Vertex Mining Corp., formerly Northern Vertex Capital Inc. ("Northern Vertex" or the "Company"), has been prepared by management as of October 28, 2013 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, 2013. This MD&A provides information on the operations of the Company for the year ended June 30, 2013 and should be read in conjunction with the audited annual consolidated financial statements for the years ended June 30, 2013 and 2012 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"). In addition, this MD&A should be read in conjunction with the Annual Information Form ("AIF") for the year ended June 30, 2012 (with subsequent events disclosed to July 10, 2013), as well as other information relating to the Company as filed on SEDAR at www.sedar.com. All currency amounts are expressed in Canadian dollars, unless otherwise noted.

Unless otherwise indicated, the geological disclosure contained within this MD&A has been reviewed and approved by Mr. Dan Kilby, P.Eng., consulting geologist to the Company and a Qualified Person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

1. Background and Core Business

The Company is an exploration and development stage mining company focused on identifying mineralized deposits economically worthy of subsequent development, mining or sale. The Company's sole project is the Moss 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:

- Operating in a socially responsible manner with high regard to safety standards and environmental regulations; and
- Advancing Moss Mine pilot plant operations concurrent with completing the terms necessary to earn its interest in the project (as further described in Section 3 of this MD&A).

2. Fourth Quarter and Fiscal Year-End 2013 Financial and Operating Highlights

Operating results

- Commenced construction of the Pilot Plant – Phase I on May 1, 2013 and completed virtually all construction in August, 2013;
- Awarded the contract for Engineering, Procurement and Construction Management (EPCM) for Pilot Plant - Phase I to CDM Constructors Inc., a division of CDM Smith;
- Appointed JDS Energy & Mining Inc. to assist with all EPCM and related activities and to ensure the Moss Mine remains on time, on budget and adheres to the high level of safety standards set by the Company;
- Awarded the contract for mining and processing operations for Phase I;
- Progressed with construction of infrastructure, as further described in *Review of Development and Exploration Projects – Moss Mine*;
- Opened a local office in Bullhead City, Arizona; and
- Strengthened the corporate and site management teams in preparation for advancement from pilot plant to a producing mine;

- Announced the results of an amended Preliminary Economic Assessment (the "Amended PEA") for the Moss Mine on June 18, 2013, further described in *Review of Development and Exploration Projects – Moss Mine.* **The reader is cautioned that mineral resources described in the Amended PEA are not mineral reserves and, as such, do not have demonstrated economic viability;**

- Announced on June 6, 2013 the appointment of Mr. Gordon D. Ulrich, B.A.Sc., MBA, P.Eng., as an independent member of the Board of Directors. With over 40 years' senior-level experience in all facets of mine development, operations and executive leadership, Mr. Ulrich's distinguished career includes a period as President and Chief Executive Officer of Luscar Ltd., a major energy company (coal, oil and gas development), from 1990-2001;

- Amended the expiry date of 1,312,500 unexercised share purchase warrants from April 4, 2013 to October 4, 2013. The warrants were originally granted on April 5, 2011 and all other respects the terms of the warrants remained unchanged and in full force and effect, including the exercise price per share remaining unchanged at $1.15;

- Completed the sale of the Company's 51% interest in the Lemhi Gold Trust, LLC (the "Lemhi JV LLC") on February 12, 2013 for consideration consisting of US$4.75 million cash plus US$2.90 million in deferred cash payments (the "deferred consideration") equal to 3% of all future expenditures at the Lemhi Property. The deferred consideration is payable to the Company in quarterly installments and is capped at US$2.90 million;

- Appointed Mr. James McDonald, P.Geo. to the Board of Directors on December 28, 2012. Mr. McDonald brings over 25 years' experience in the international mining sector. His proven track record in developing and advancing projects from the start-up phase to production includes acquiring the Mulatos Gold Project in the State of Sonora, Mexico and subsequently co-founding Alamos Gold Inc.;

- Completed a non-brokered private placement on November 26, 2012 of 7,319,000 units at a price of $1.25 per unit, for aggregate gross proceeds of $9,148,750 and net proceeds of $8,523,871 after finders' fees and share issuance costs. Each unit consisted of one common share of the Company and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $1.75 per share until November 26, 2014;

- Appointed Mr. J.R.H. (Dick) Whittington, P.Eng. to the position of President and Chief Executive Officer on November 12, 2012. Mr. Whittington was also appointed to the Board of Directors on December 28, 2012. Mr. Whittington's distinguished career spans 35 years with a select variety of mining companies in Canada, Mexico, Panama, Papua New Guinea and Australia. His experience encompasses senior executive and mine management roles that include numerous feasibility studies, mine evaluations, mine development, production, mergers and acquisitions and raising over $1.3 billion of major corporate financings. As former President and CEO of Farallon Mining, Mr. Whittington took the company from the discovery stage through to commercial production in less than four years. After guiding the Company through its impressive transition from a junior exploration company to a successful mid-tier zinc producer, he facilitated the successful sale of the company to Nyrstar for $409 million in January 2011; and

- Appointed Mr. Ed J. Duda to the position of Chief Financial Officer and Corporate Secretary of the Company on September 23, 2012. Mr. Duda brings over 22 years of senior industry experience within private and public companies in all aspects of corporate finance, administration, strategic planning, operations, business development, risk management and technology implementation. Prior to joining the Company, he served as Senior Vice-President and Chief Financial Officer of Union Securities Ltd., where he was a senior member of the Executive Committee and was responsible for overseeing finance, regulatory reporting and risk management for 14 offices and over 300 employees, located nationwide and in the United Kingdom.

The following events took place after June 30, 2013:

- On September 25, 2013, the Company completed a non-brokered private placement of 5,236,000 units at a price of $0.65 per unit for gross proceeds of $3,403,400. Cash finders' fees of $209,180 were paid to arm's length parties in relation to the private placement. Each unit consisted of one common share of the Company and one-half of one transferable common share purchase warrant, with one whole warrant entitling the holder to purchase one common share at an exercise price of $0.90 until March 25, 2015. The expiry date of the Warrants may be accelerated, at the sole option of the Company, to 30 business days following the date on which the Company gives notice that its common shares have closed for 21 consecutive trading days at a price of $1.40 or greater. All of the securities issued pursuant to this offering are subject to a hold period expiring on January 26, 2014;
- On September 25, 2013, the Company amended the expiration date of 1,321,500 warrants exercisable at $1.15 from October 4, 2013 to October 4, 2014, and 5,817,174 warrants exercisable at $1.55 from November 23, 2013 to November 23, 2014. In all other respects, the terms of these warrants remain unchanged; and
- On September 25, 2013, the Company granted 1,435,000 stock options to employees, consultants, officers and directors with an exercise price of $0.65 and an expiry date of September 25, 2018.

Financial results

- Ended the year with working capital of $5.7 million at June 30, 2013 (2012: $2.4 million), which included cash and cash equivalents of $7.8 million (2012: $2.4 million);
- Recorded a net loss of $7.9 million for the year ended June 30, 2013 (2012: $1.9 million);
- Net loss for the year ended June 30, 2013 included a loss on the sale of the Company's 51% interest in Lemhi JV LLC of $2.7 million which occurred as the Company determined that there was not enough certainty to record the US$2.90 million deferred consideration as a long-term receivable;
- Net loss for the year ended June 30, 2013 also included an impairment charge of $0.9 million for the year ended June 30, 2013 (2012: $0.2 million) related to the Company's abandonment of certain exploration-stage properties and $2.3 million in share-based payment expense (2012: $0.5 million); and
- Invested $6.8 million in the Company's exploration and evaluation assets during the year ended June 30, 2013 (2012: $2.7 million), virtually all of which was incurred in respect of the development of the Moss Mine.

3. Review of Development and Exploration Projects

Moss Mine, Mohave County, Arizona

The Company entered into an Exploration and Option Agreement with Patriot Gold Corp. ("Patriot") effective March 7, 2011, whereby the Company was granted the right to earn a 70% interest in the Moss Mine. The Moss Mine is an epithermal, low sulphidation quartz-calcite vein and stockwork system which extends over a strike length of 1,400 meters and has been drill tested to depths of 220 meters vertically from surface. It is a potential heap leach, open pit project being advanced under a three-phase business plan, specifically designed to ensure that technical, economic, permitting and funding requirements are met prior to each phase proceeding.

To fulfil the terms of the agreement and earn its 70% interest, the Company, who paid Patriot US$500,000 upon execution of the agreement, must spend an aggregate total of US$8 million on exploration over five years (completed) and must complete a bankable feasibility study. Subsequent to the Company's earn-in, financing of further work on the property will be on a proportional basis under the direction of a management committee with voting rights proportional to ownership percentage.

The Company paid a 3% finder's fee on the initial US$500,000 payment to Patriot to a non-related party and pays a further 3% finder's fee on exploration expenditures, in quarterly instalments, to this non-related party. On commercial production as defined in the agreement with Patriot, 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$2.4 million. Royalties are expected to average 1% of net smelter returns during Pilot Plant – Phase I as per the Amended PEA.

On June 18, 2013 the Company announced the completion of the Amended PEA for the Moss Mine. The Amended PEA included the following Mineral Resource estimate, which is valid as of March 5, 2013:

Resource Category	**Au Eq* (oz)**	**Au (oz)**	**Ag (oz)**	**Tonnes**	**Grade**		
					AuEq	**Au**	**Ag**
					(g/t)	**(g/t)**	**(g/t)**
Measured	418,760	345,000	3,688,000	12,611,000	1.03	0.85	9.10
Indicated	234,840	192,000	2,142,000	9,978,000	0.73	0.60	6.68
Measured and Indicated	**653,600**	**537,000**	**5,830,000**	**22,589,000**	**0.90**	**0.74**	**8.03**
Inferred	**82,020**	**66,000**	**801,000**	**3,957,000**	**0.64**	**0.52**	**6.30**

- * Gold equivalency is based on a silver:gold ratio of 50:1 and assumes 100% recovery of all metals.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserve estimates.
- Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.
- Resources were based on 36,805 meters of drilling in 658 exploration drill holes and 530 meters of channel sampling. There were a total of 7,677 5-metre composite samples used in the estimation of gold and silver. Metal Mining Consultants Inc. ("MMC") used Inverse Power Distance (ID3) as the preferred estimation technique for the Moss Project.
- MMC capped gold assays, prior to compositing 5-metre samples, at 17 grams per tonne and silver at 140 grams per tonne in order to limit the effect of high grade outlier grades in the estimation of mineral resources.
- MMC applied Industry Standards in the selection of the drill hole and assay information gathered from historic and current exploration programs in its determination of Measured Mineral Resources, Indicated Resources and Inferred Resources.

Historically, 221 drill holes were completed on the Moss Mine Project between 1982 and 2009 for a total of 16,706 metres. Between March 2011 and March 2013, the Company completed a further 22,771 metres of infill and resource definition drilling on 455 holes within its Phase 1, 2 and 3 drill programs as outlined in the Amended PEA. Not included in the Amended PEA are seven additional large-diameter core holes for a total of 839.1 meters which were drilled to collect metallurgical samples as part of Phase 3. Subsequent to the Amended PEA, the Company completed its Phase 4 drill program consisting of 19 holes for 2,643.8 metres.

Following Board approval, construction commenced May 1, 2013 on the infrastructure necessary to carry out Pilot Plant – Phase I, which will consist of pilot-scale open pit mining and heap leach processing of approximately 90,000 tonnes of mineralized material. The Pilot Plant leach pad, designed to test the economic and technical viability of heap leaching finely crushed, agglomerated material, is approximately 700 feet in length and 300 feet wide. The Company plans to test higher grade and lower grade mineralized material during Phase I. The pit will be mined at a strip ratio of 0.79:1 and a production rate of 1,000 tonnes of mineralized material, crushed to 95% -1/4 inch, per day during Phase I and all activities will be restricted to patented property.

Allowing for infrastructure construction, site preparation and leaching and processing, the overall expected duration of Phase I is expected to be approximately one year. On August 23, 2013, the Company announced the achievement of certain milestones in respect of Phase I. Construction of all major items was essentially complete. Operations were in full swing and focused on the completion of mining, crushing and agglomerating of mineralized material. Leaching of stacked mineralized material was underway and expected to continue over the next 9-12 months with continual sampling and assaying of the leached material being performed. As of October 22, 2013 (the most recent date for which information is available), the Company had loaded 90,199 dry metric tonnes of mineralized material onto the leach pad. Results of Phase I operations will provide valuable information on leach kinetics and metallurgical recoveries.

As at June 30, 2013, the cumulative exploration and evaluation costs for the Moss Mine totalled $11,915,070. As of the date of this MD&A, the Company had fulfilled its Earn-In obligation excluding the bankable feasibility study ("BFS") under the agreement with Patriot, and was in the process of planning the BFS, with the completion date expected in the second quarter of the 2014 calendar year.

Lemhi Gold Property, Lemhi County, Idaho

On February 12, 2013, the Company completed the sale of its 51% interest in Lemhi JV LLC as described above in the section entitled *Fourth Quarter and Fiscal Year-End 2013 Financial and Operating Highlights.* The Company had paid $7.65 million to acquire a 51% interest in Lemhi JV LLC, which held 100% of the Lemhi Gold Property.

During the year ended June 30, 2013, the Company recorded a loss of $2.7 million on the sale of its interest in Lemhi JV LLC and recorded an impairment charge of $67,758 on the cumulative exploration and evaluation costs for the Lemhi Gold Property. The loss and impairment charge did not include any of the US$2.90 million in deferred cash payments that may be received in the future in respect of the sale of the Company's interest in Lemhi JV LLC.

Copley Gold Property, British Columbia

On November 10, 2010, the Company entered into an option agreement with Kootenay Silver Inc., formerly known as Kootenay Gold Inc., whereby the Company was granted the right to earn a 60% interest in the Copley Gold Property located in the Nechako Plateau of Central British Columbia. The Company terminated the agreement during the year ended June 30, 2013 and recorded an impairment charge totalling $825,392, in relation to this property.

4. Outlook and Strategy

As of the date of this MD&A, the Company had completed Pilot Plant – Phase I construction, leaching had commenced and gold and silver were being produced. On October 11, 2013, the Company received its first proceeds on production from the pilot plant, which consisted of US$365,826 from the sale of 270.4 ounces of gold and 588.6 ounces of silver. The Company's financial position will be closely related to the market price of gold and silver within the coming year as the Company proceeds with Pilot Plant - Phase I and continues selling gold and silver production from the Moss Mine. The Company's current and future financing cash flows are expected to fund the development of the Moss Mine until such time as the Company is able to generate positive cash flows from operations. The Company believes that gold and silver prices will continue to be subject to volatility in the short-to-medium term.

Other factors which may influence the Company's operations in the coming months include: production levels, which may be impacted by grades, recovery rates, ore quantity, equipment availability, unknown geotechnical and groundwater characteristics and environmental permitting; and production costs, which may be impacted by production levels, input prices, labour availability, cost and inflation rates.

The Company's primary strategic focus for the coming year is to proceed in completing Pilot Plant – Phase I and complete a bankable feasibility study, which will determine the Company's position for Phase II. In order to achieve this, the Company will take measures to monitor capital and operating costs and monitor operating results including ore quantities, grades, strip ratios and other key factors. The Company will require further funding to proceed with development for Phase II as described in the *"Liquidity and Capital Resources"* section below.

5. 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, 2013	**Year Ended June 30, 2012**	**Year Ended June 30, 2011**
Revenue	$ -	$ -	$ -
Net loss	(7,919,005)	(1,881,990)	(790,987)
Basic and diluted loss per share	(0.160)	(0.048)	(0.04)
Total assets	21,203,692	15,743,123	3,542,624
Total non-current financial liabilities	-	-	-

Factors which have caused period to period variations in total assets include significant financings, as further described in the *Liquidity and Capital Resources* section of this MD&A. The net loss for the year ended June 30, 2013 included an impairment charge of $893,150, in relation to the abandonment the Company's interest in the Copley Gold Property and the sale of the Lemhi Gold Property and a loss on the sale of the Company's investment in Lemhi JV LLC of $2,723,322, as well as share-based payment expense of $2,329,489. The net loss for the year ended June 30, 2012 included an impairment charge of $160,578, in relation to the abandonment of the Company's investment in the Deer Creek Property and share-based payment expense of $527,578.

6. Summary of Quarterly Results

	Three Months Ended June 30, 2013	Three Months Ended March 31, 2013	Three Months Ended December 31, 2012	Three Months Ended September 30, 2012	Three Months Ended June 30, 2012	Three Months Ended March 31, 2012	Three Months Ended December 31, 2011	Three Months Ended September 30, 2011
Revenue	-	-	-	-	-	-	-	-
Net loss	(1,233,008)	(4,165,466)	(2,246,703)	(273,828)	(269,384)	(762,357)	(629,421)	(220,828)
Basic and diluted loss per share	(0.028)	(0.079)	(0.047)	(0.006)	(0.006)	(0.02)	(0.018)	(0.01)

The variation in the net loss for the three months ended June 30, 2013 to the three months ended March 31, 2013 was primarily due to the loss on the sale of the Company's investment in Lemhi JV LLC of $2,723,322 during the three months ended March 31, 2013.

The variation in the net loss for the three months ended March 31, 2013 to the three months ended December 31, 2012 reflected the loss on the sale of the Company's investment in Lemhi JV LLC of $2,723,322 during the three months ended March 31, 2013, offset by an impairment charge for the three months ended March 31, 2013 that was $757,634 lower than the impairment charge recorded for the three months ended December 31, 2012.

The variation in the net loss for the three months ended December 31, 2012 to the three months ended September 30, 2012 reflected the following factors from the three months ended December 31, 2012: increased share-based payment expense of $879,100 compared to the three months ended September 30, 2012 in connection with stock options granted to employees, consultants, officers and directors; an impairment charge of $825,392 regarding the abandonment of the Company's interest in the Copley Gold Property; and increased salaries, wages, benefits and subcontractor expenses of $88,002 compared to the three months ended September 30, 2012 due to the addition of staff in the Vancouver office and for Bullhead City operations.

There was no significant variation in net loss for the three months ended September 30, 2012 compared to the three months ended June 30, 2012.

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

7. Results of Operations

For the year ended June 30, 2013, the Company incurred a net loss of $7,919,005, compared to a net loss of $1,881,990 for the year ended June 30, 2012. The factors contributing to the increased net loss compared to the previous year are discussed below.

Administrative expenses

For the year ended June 30, 2013, the Company incurred total administrative expenses of $4,763,704 (2012: $1,735,561), which included non-cash share-based payment expense of $2,329,489 (2012: $527,578); salaries, wages, benefits and subcontractor expenses of $865,571 (2012: $102,938); travel, meetings and conferences totalled $458,968 (2012: $295,823); professional fees of $238,149 (2012: $239,048); property fees of $205,103 (2012: $70,997); marketing expenses of $191,523 (2012: $199,876); management fees of $151,923 (2012: $83,625); the Company's share of the losses in Lemhi JV LLC of $nil (2012: $64,393); and other office and general expenses, including amortization, totalled $322,978 (2012: $151,283).

Significant variances are noted as follows: The increase in salaries, wages, benefits and subcontractor expenses related to the Company's increased staff complement as employees were added in both the Vancouver office and for Bullhead City operations. Travel, meetings and conferences increased due to a greater number of road shows and conferences attended, as well as increased travel related to management of properties in the U.S. Share-based payment expense had also risen over the prior year due to the addition of employees and board members and the retention of consultants. Management fees for 2012 included one-time non-cash adjustments for IFRS and reallocations of exploration and evaluation expenditures to the consolidated statements of financial position. General office expenses increased and were related primarily to the opening of an office in Bullhead City near the Moss Mine site and additional office space in Vancouver. Property fees represented the 3% finder's fee paid to a non-related party on exploration expenditures for the Moss Mine, as further described in *Review of Development and Exploration Projects – Moss Mine.* The increase in property fees reflected the increased expenditures on the Moss Mine compared to the previous year.

Other income and expenses

During the year ended June 30, 2013, the Company incurred a loss on the sale of its investment in Lemhi JV LLC of $2,723,322 (2012: $nil) and an impairment charge of $893,150 (2012: $160,578), of which $825,392 related to the abandonment of the Copley Gold Property and $67,758 related to the sale of the Company's interest in the Lemhi Gold Property. The impairment charge for the year ended June 30, 2012 related to the abandonment of the Deer Creek Property.

The Company recorded interest and other income of $137,135 during the year ended June 30, 2013, compared to $21,031 during the year ended June 30, 2012. The increase reflected higher average cash balances during the year ended June 30, 2013, which resulted from a private placement share issuance and the sale of the Company's investment in Lemhi JV LLC. The Company also recorded a foreign exchange gain of $324,036 during the year ended June 30, 2013 (2012: foreign exchange loss of $6,882). The foreign exchange gain primarily related to the unrealized gain on long-term intercompany loans receivable from one of the Company's U.S.-based subsidiaries.

8. Liquidity and Capital Resources

At June 30, 2013, the Company had cash and cash equivalents of $7,772,612 (2012: $2,413,515). The increase in cash and cash equivalents compared to the previous year was primarily due to decreased cash used in investing activities, as described in detail below.

Cash and cash equivalents used in operating activities during the year ended June 30, 2013 were $2,120,776 (2012: $1,562,137). The increase in cash used in operating activities compared to the prior year reflected an increase in operating expenses as the Company expanded operations in advancing the Moss Mine towards the Pilot Plant – Phase I stage.

Cash and cash equivalents used in investing activities during the year ended June 30, 2013 totaled $1,267,371 (2012: $10,482,356) and consisted of cash outflows as follows: expenditures on exploration and evaluation assets of $6,765,498 (2012: $2,671,465); cash paid in respect of reclamation bonds of $737,621 (2012: $4,275); purchases of property, plant and equipment of $341,533 (2012: $1,061), which primarily related to equipment purchases for the Moss Mine; and purchases of intangible assets that totalled $118,419 (2012: $nil), which related to computer software acquired for the Moss Mine and a new accounting system. These cash outflows were offset during the year ended June 30, 2013 by the proceeds received from the sale of the Company's interest in Lemhi JV LLC of $4,759,817 (2012: cash outflow of $7,805,555 for the acquisition of the interest) and by changes in non-cash investing working capital of $1,935,883 (2012: $nil). The $6,765,498 exploration and evaluation expenditure for the year ended June 30, 2013 almost entirely related to the development of the Moss Mine and included significant costs for drilling, geological consulting, assays, surveys and analysis, administration and personnel costs and field expenses and the changes in non-cash investing working capital of $1,935,883 for the year ended June 30, 2013 reflected costs incurred up to the year end for construction of the pilot plant at the Moss Mine.

Cash and cash equivalents provided by financing activities during the year ended June 30, 2013 totalled $8,535,121 (2012: $13,384,906) and consisted of cash received from a private placement share issuance of $8,523,871 (net of share issuance costs of $624,879) and $11,250 received from the exercise of options. Cash and cash equivalents provided by financing activities during the year ended June 30, 2012 included cash received from a private placement share issuance of $13,484,906 (net of share issuance costs of $915,593), offset by repayment of an investor deposit of $100,000.

On November 26, 2012, the Company closed a non-brokered private placement for gross proceeds of $9,148,750, as described above in *Fourth Quarter and Fiscal Year-End 2013 Financial and Operating Highlights*. The following table sets out a comparison of how the Company used the proceeds during the period up to the June 30, 2013 year end, an explanation of variances and the impact of the variances, if any, on the Company's ability to achieve its business objectives and milestones.

<table>
<tr><th colspan="2">Intended Use of Proceeds from
November 2012 Private Placement</th><th colspan="2">Actual Use of Proceeds from November 2012 Private Placement and explanation of variance and impact on business objectives</th><th>(Over)/under expenditure</th></tr>
<tr><td>Finders' Fees</td><td>$557,781</td><td>Finders' Fees</td><td>$557,781</td><td>N/A</td></tr>
<tr><td>Moss Mine development</td><td>$6,711,000</td><td>Moss Mine development</td><td>$7,189,617</td><td>($478,617)</td></tr>
<tr><td>Maintenance on other projects</td><td>$200,000</td><td>Maintenance on other projects</td><td>$851</td><td>$199,149</td></tr>
<tr><td>General working capital (over-allotment proceeds were not allocated)</td><td>$1,679,969</td><td>General working capital (over-allotment proceeds were not allocated)</td><td>$1,400,501</td><td>$279,468</td></tr>
<tr><td>Total</td><td>$9,148,750</td><td>Total</td><td>$9,148,750</td><td>$nil</td></tr>
<tr><td colspan="2">Explanation of variances and impact of the variances (if any) on the Company's ability to achieve its business objectives and milestones</td><td colspan="3">The Company exceeded the minimum required expenditure for the Earn-In amount on the Moss Mine and had commenced construction and development activities for Pilot Plant – Phase I as of June 30, 2013. As the Company terminated its interest in the Copley Gold Property during the year, funds allocated for "maintenance on other projects" were spent on Moss Mine development. These variances did not impact the Company's ability to achieve its objectives for the Moss Mine.</td></tr>
</table>

The majority of the Company's cash and cash equivalents as of June 30, 2013 were denominated in Canadian dollars. However, the Company does maintain cash balances denominated in U.S. dollars and in conducting operations the Company made payments as appropriate in both Canadian and U.S. dollars. Accordingly, the Company is subject to foreign currency rate fluctuations between the U.S. and Canadian dollar.

During the year ended June 30, 2013, working capital increased by $3,336,403 to $5,719,985 and included cash and cash equivalents of $7,772,612 (2012: $2,413,515). The working capital increase was primarily attributable to cash received from the private placement during the year, as well as cash received from the sale of the Company's interest in Lemhi JV LLC, offset by expenditures made for operating expenses and exploration and evaluation assets.

The Company's ongoing liquidity needs will be funded from current cash and cash equivalents and further financing as required to meet its short-term growth objectives, including the further development of the Moss Mine. The Company believes it has sufficient funding to meet its short-term obligations, but will require further funding to proceed with development towards Phase II Operations at 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 all required financing in the future.

9. Contractual Obligations

Office space lease agreements

The Company has entered into lease agreements for office space with terms that expire between 2013 and 2018, as disclosed in Note 17 to the Financial Statements.

Capital expenditure commitments

The Company has entered into various contracts in respect of Pilot Plant – Phase I operations at the Moss Mine, for engineering, procurement and construction management; mining, processing and fine crushing; agglomerating and stacking. Commitments that remained on these contracts as of June 30, 2013 amounted to $2.4 million. Subsequent to June 30, 2013, the Company commenced discussions with an existing supplier regarding change orders of approximately $1.2 million and negotiations were still in progress as of the date of this MD&A. The Company expects to meet its existing capital expenditure commitments with funds from existing working capital.

Expenditures not yet committed but required to fund planned development of the Moss Mine – Phase I are expected to be met from existing working capital.

Other commitments

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

10. Off-Balance Sheet Arrangements

At the date of this MD&A, there were no material 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.

11. Related Party Transactions

During the year ended June 30, 2013, the Company incurred geological and consulting fees of $181,258 (2012: $159,691) provided by Mr. Ken Berry, an officer and director, and L.J. Bardswich Mine Consultant, Inc. and Makwa Exploration Ltd., companies controlled by directors. These fees were included in exploration and evaluation assets on the consolidated statements of financial position.

During the year ended June 30, 2013, the Company incurred consulting fees of $60,000 (2012: $25,000) and corporate service fees of $120,000 (2012: $80,000) for services provided by Touchstone Capital Inc. ("Touchstone"), a company in which two executives are directors of the Company. The Company has a corporate services agreement with Touchstone for clerical, accounting, regulatory filing and geological services. The monthly fee under the agreement is $10,000 and renews annually on December 1 of each year. The consulting fees are included in professional fees and the corporate service fees are included in salaries, wages, benefits and subcontractor expenses on the consolidated statements of operations and loss. The consolidated statements of financial position at June 30, 2013 included $nil (2012: $4,800) in prepaid expenses and deposits regarding Touchstone.

The consolidated statements of operations and loss also included management fees of $151,923 (2012: $83,625) charged by Mr. Ken Berry, an officer and director, and RSK Management Consulting and Delmac Pacific Management Inc., companies controlled by officers. The consolidated statements of financial position included $21,006 (2012: $12,081) in trade and other payables due to officers and directors and $nil (2012: $4,200) in trade and other receivables due from a former officer.

The Company shared certain administrative costs with Kootenay Silver Inc. ("Kootenay"), a publicly traded company related by common directors actively involved in operating and financing activities. For the year ended June 30, 2012 the Company also incurred exploration costs billed by Kootenay for the Copley Gold Property. These exploration costs along with administrative expenses were billed by Kootenay on a cost basis. The consolidated statements of financial position at June 30, 2013 included the following balances with Kootenay: trade accounts receivable of $26,788 (2012: $nil), exploration costs included in exploration and evaluation assets of $nil (2012: $122,909) and trade accounts payable of $37,968 (2012: $12,191). The consolidated statements of operations and loss for the year ended June 30, 2013 included administrative costs billed by Kootenay for marketing expenses, office and miscellaneous expenses and travel, meetings and conferences that totalled $60,557 (2012: $92,039). During the year ended June 30, 2013 the Company issued 200,000 common shares to Kootenay pursuant to the option agreement for the Copley Gold Property. The liability for this issuance was recorded within current liabilities as shares payable during the year ended June 30, 2012. During the year ended June 30, 2013, the Company terminated the Copley Gold Property agreement.

Prior to the sale of its interest in Lemhi JV LLC, the Company received administration income from the joint venture of $39,493 (2012: $nil), recorded as other income in the consolidated statements of operations and loss.

Key Management Personnel Compensation

Key management personnel included the Company's directors and key employees consisting of the President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary and the General Manager – Moss Project. Compensation of key management personnel for the year ended June 30, 2013, other than as disclosed elsewhere in this section, consisted of salaries and short-term benefits of $359,699 (2012: $nil) and share-based payments of $1,777,354 (2012: $230,501).

12. 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.

13. Fourth Quarter Results

For the quarter ended June 30, 2013, the Company incurred a net loss of $1,233,008, compared to a net loss of $269,384 for the quarter ended June 30, 2012. The factors contributing to the increased net loss in the fourth quarter of 2013 compared to the fourth quarter of 2012 are discussed below.

Administrative expenses

For the quarter ended June 30, 2013, the Company incurred total administrative expenses of $1,739,916 (2012: $122,524), which included non-cash share-based payment expense of $656,683 (2012: $86,958); salaries, wages, benefits and subcontractor expenses of $440,757 (2012: $24,178); travel, meetings and conferences that totalled $157,052 (2012: $73,078); property fees of $125,010 (2012: $52,729); professional fees of $60,925 (2012: $34,414); marketing expenses of $41,262 (2012: ($30,826)); management fees of $81,478 (2012: ($187,517)); the Company's share of the losses in Lemhi JV LLC of $nil (2012: $43,971) and other office and general expenses, including amortization, that totalled $176,749 (2012: $25,539).

Significant variances are noted as follows: The increase in salaries, wages, benefits and subcontractor expenses related to the increased staff complement in the Vancouver office and for Bullhead City operations. Travel, meetings and conferences increased due to a greater number of road shows and conferences attended, as well as travel related to general management of the Moss Mine. Share-based payment expense had also risen over the prior comparable period due to the addition of a board member. The credit amounts for marketing expenses and management fees in the fourth quarter of 2012 related to one-time non-cash adjustments for IFRS and to reallocations of exploration and evaluation expenditures to the consolidated statements of financial position. General office expenses increased and were related primarily to the operation of the Bullhead City office near the Moss Mine site and additional office space in Vancouver. Property fees represented the 3% finder's fee paid to a non-related party on exploration expenditures for the Moss Mine, as further described in *Review of Development and Exploration Projects – Moss Mine.* The increase in property fees reflected the increased expenditures on the Moss Mine compared to the fourth quarter of the prior year.

Other income and expenses

During the quarter ended June 30, 2013, the Company incurred an impairment charge of $nil (2012: $160,578). The impairment charge for the quarter ended June 30, 2012 related to the abandonment of the Deer Creek Property.

The Company recorded interest and other income of $30,078 during the quarter ended June 30, 2013, compared to $14,358 during the quarter ended June 30, 2012. The increase reflected higher average cash balances during the quarter ended June 30, 2013 that resulted from the private placement share issuance and the sale of the Company's investment in Lemhi JV LLC. The Company also recorded a foreign exchange gain of $332,140 during the quarter ended June 30, 2013 (2012: foreign exchange loss of $640). The foreign exchange gain primarily related to the unrealized gain on long-term intercompany loans receivable from one of the Company's U.S.-based subsidiaries.

Cash flows

Cash and cash equivalents used in operating activities during the quarter ended June 30, 2013 were $1,170,954 (2012: $435,874). The increase in cash used in operating activities from the comparative period in the prior year reflects an increase in operating expenses as the Company expanded operations in advancing the Moss Mine towards the Pilot Plant – Phase I stage, in addition to an increase in share-based payments and the unrealized foreign exchange gain.

Cash and cash equivalents used in investing activities during the quarter ended June 30, 2013 totaled $3,564,244 (2012: $531,707) and consisted primarily of the following cash outflows: expenditures on exploration and evaluation assets of $4,375,831 (2012: $353,762); cash paid in respect of reclamation bonds of $737,621 (2012: $4,039); purchases of property, plant and equipment of $250,574 (2012: $nil), which primarily related to equipment purchases for the Moss Mine; and purchases of intangible assets totalling $118,419 (2012: $nil), which related to computer software acquired for the Moss Mine and a new accounting system. These cash outflows were offset by the change in non-cash investing working capital of $1,930,671 (2012: $nil). The $4,375,831 exploration and evaluation expenditure for the quarter ended June 30, 2013 related entirely to the development of the Moss Mine. The change in non-cash investing working capital of $1,930,671 for the quarter ended June 30, 2013 reflected costs incurred up to the year end for construction of the pilot plant at the Moss Mine.

There were no cash and cash equivalents from financing activities during the quarters ended June 30, 2013 and June 30, 2012.

14. Proposed Transactions

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

15. Changes in Accounting Policies

IAS 1, Presentation of Financial Statements

As of July 1, 2012, the Company adopted the amendments to IAS 1 with retrospective application. The amendments require the Company to present separately within other comprehensive income (loss) those items which may be reclassified subsequently to profit or loss and those which will not be reclassified subsequently. The Company has presented the comparative period in the same manner. There was no impact on comprehensive income (loss) as a result of the adoption of this amended standard.

16. New Accounting Standards and Interpretations

The following new standards, interpretations and amendments were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") in May 2011 and are effective for annual periods beginning on or after January 1, 2013 unless otherwise noted. Early application is permitted if all standards are adopted at the same time. Pronouncements that are not applicable to the Company have been excluded from the list below.

- IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses both the classification and measurement of financial assets and financial liabilities. The standard is applicable for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements.

- IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IAS 27, Consolidated and Separate Financial Statements and IAS 28, Investments in Associates were revised and reissued as IAS 27, Separate Financial Statements and IAS 28, Investments in Associates and Joint Ventures to align with the new consolidation guidance. The Company does not expect the implementation of these standards to have a significant impact on its consolidated financial statements.

- IFRS 11, *Joint Arrangements*, requires an entity to classify its interest in a joint arrangement as either a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, while joint operations will require the entity to recognize its share of the assets, liabilities, revenue and expenses of the joint operation. While the Company does not currently have any joint arrangements, the Company may be subject to such arrangements in the future upon fulfilling the terms to acquire its 70% interest in the Moss Mine. Consequently, the Company is currently assessing the future impact of this standard on its consolidated financial statements.

- IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. Matters covered include information about the significant judgments and assumptions that any entity has made in determining whether it has control, joint control or significant influence over another entity. The Company may be subject to joint arrangements in the future upon fulfilling the terms to acquire its 70% interest in the Moss Mine and consequently is currently assessing the future impact of the disclosure requirements of IFRS 12 on its consolidated financial statements.

- IFRS 13, *Fair Value Measurement*, is a comprehensive new standard for fair value measurement and disclosure across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The Company is currently assessing the impact of this standard on its consolidated financial statements.

- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, sets out principles for the accounting for overburden waste removal (stripping) costs during the production phase of a mine. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

17. Financial Instruments

The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short-term nature of these instruments. Reclamation deposits consist primarily of reclamation bonds represented by certificates of deposit ("CDs") held with a U.S.-chartered commercial bank. As the CDs are highly liquid in nature and interest is paid to the Company monthly, the carrying value approximates fair value.

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 cash equivalents 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 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. Information about the Company’s exposure to each of these risks and the Company’s objectives, policies and processes for measuring and managing these risks, is provided below. Further quantitative disclosures are included throughout the 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 customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash and cash equivalents, trade and other receivables and reclamation deposits. The Company considers the risk of loss relating to cash and cash equivalents and reclamation deposits to be low because these instruments are held only with highly rated financial institutions. Trade and other receivables relate primarily to amounts due from related parties and to Goods and Services Tax input tax credits and are expected to be collectible in full due to the nature of the counterparties and a previous history of collectibility.

(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, 2013, the Company’s financial liabilities were comprised of trade and other payables of $2,341,239 (2012 - $115,460), 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 in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the U.S. 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, 2013, $713,654 of the Company’s cash and cash equivalents were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately $71,365 on 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 U.S. dollar, as outlined above. Although the Company is not currently exposed to volatilities in metal prices, 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 operating 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 and cash equivalents which 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, 2013, the weighted-average interest rate on cash and cash equivalents was 1.31%. With other variables unchanged, a 1% increase in the annualized interest rate would reduce net loss for the year by $76,659.

18. Corporate Governance

The Company's Board of Directors and its committees follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board of Directors is comprised of seven individuals, five of whom are neither executive officers nor employees of the Company and are independent of management. 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. Disclosure of Share Data as of October 28, 2013

The following table states the diluted share capital of the Company as at October 28, 2013:

	Number of Shares Outstanding
Issued share capital as at October 28, 2013	**57,799,348**
Shares reserved for issuance pursuant to share purchase options outstanding (1)	5,708,000
Shares reserved for issuance pursuant to share purchase warrants outstanding (2)	13,416,174
DILUTED TOTAL	**76,923,522**

Notes:

1 As at October 28, 2013, the Company had outstanding stock options enabling holders to acquire common shares of the Company as follows:

Number of Options	Exercise Price $	Expiry Date	Options Exercisable
823,000	0.45	November 13, 2015	823,000
200,000	1.00	May 17, 2016	200,000
200,000	1.30	December 12, 2016	200,000
2,400,000	1.40	November 11, 2017	1,200,000
350,000	1.40	January 20, 2018	175,000
100,000	1.40	January 31, 2018	50,000
200,000	0.85	June 5, 2018	50,000
1,435,000	0.65	September 25, 2018	358,750
5,708,000			3,056,750

2 As at October 28, 2013, the Company had outstanding share purchase warrants enabling holders to acquire common shares of the Company as follows:

Number of Warrants	Exercise Price $	Expiry Date	Warrants Exercisable
1,321,500	1.15	October 4, 2014	1,321,500
5,817,174	1.55	November 23, 2014	5,817,174
3,659,500	1.75	November 26, 2014	3,659,500
2,618,000	0.90	March 25, 2015	2,618,000
13,416,174			13,416,174

20. 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. The Company currently has no source of income other than interest on cash balances and proceeds from the sale of gold and silver produced from the Moss Mine pilot plant operations. The Company will rely mainly on equity financing to fund exploration and operating activities on its mineral properties.

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

Early Stage – 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 anticipates future expenses will require additional infusions of capital and 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

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade quality to return a profit from production.

All of the mineral claims to which the Company has a right to acquire an interest are in the exploration and pre-production stages only and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favourable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Market Conditions

Improved market conditions for resource commodities, during the last decade, have resulted in a dramatic increase in mineral exploration, which led to widespread shortages of experienced technical personnel and heavy demand for drillers, helicopters and crews and geophysical surveying crews, as well as other goods and services required by exploration companies to perform work. With the global financial crisis and the current downturn in the resource sector, particularly in gold and equity markets, mineral exploration expenditures have been reduced until the fall out from the current situation is truly known.

It is difficult at this stage to quantify the effect of the current downturn in resource equity markets with respect to the demand for exploration goods and services, but it is forecasted that costs for the upcoming year may well be less than has been seen in the past twelve months.

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 exploration and evaluation assets 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 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 regulations, 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.

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.

21. 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.

22. Cautionary Note Regarding Forward-Looking Information

The Company's 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.

23. Approval

The Audit Committee of the Company has approved the disclosure contained in this MD&A.

24. Additional Information

Additional information related to the Company, including the Annual Information Form for the year ended June 30, 2012 (with subsequent events disclosed to July 10, 2013), can be found on SEDAR at www.sedar.com and on the Company's website, www.northernvertex.com.