NORTHERN VERTEX CAPITAL INC.

Management Discussion and Analysis
for the year ended June 30, 2011

The Management Discussion and Analysis ("MD&A") of Northern Vertex Capital Inc. (the "Company") dated as at October 28, 2011, should be read in conjunction with the audited financial statements and related notes thereto of the Company, for the year ended June 30, 2011.

The Company has prepared this MD&A following the requirements of National Instrument 51-102 ("NI-51-102"). These statements are filed with the relevant regulatory authorities in Canada. 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 verified by the Company's Chief Geologist, Robert Thompson, PhD P.Eng (a qualified person for the purpose of National Instrument 43-101, Standards of Disclosure for Mineral Projects).

Forward-Looking Information

The Company's consolidated financial statements for the year period ended June 30, 2011, 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 statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. 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. 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.

Description of Issuer's Business

The Company was incorporated on June 7, 2007 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act of British Columbia.

The Company is an exploration stage mining company involved in the acquisition and exploration of mineral properties with a current focus in Canada. The Company's main business objective is identifying mineralized deposits economically worthy of subsequent development, mining or sale. The core management and technical team are proven professionals, with extensive international experience in all aspects of mineral exploration, operations and venture capital markets. The Company is a listed issuer on the TSX Venture Exchange and its common shares trade under the symbol ‘NEE’.

Overall Performance

On January 18, 2011, the Company entered into a letter agreement with Kootenay Gold Inc. (“Kootenay”), whereby the Company was granted the right to earn a 60% undivided interest in the Copley Gold project (“Copley”) located in the Nechako Plateau of Central British Columbia. Results from a first phase drill program of 1,100 meters over 11 holes were announced on March 2, 2011. The results showed 9 holes intersected gold including a 33 m intersection of 0.271 g/t Au in hole 01-04 (see news release dated March 2, 2011); of the 33 m: 5.6 m averaged 0.68 g/t Au, and 1.4 m averaged 1.57 g/t Au. Drilling focused on the Smoking Pipe target and results indicate the mineralized zoning is near surface and the zones of gold-rich rocks thicken to the west. The drill program confirmed that gold occurs in silicified volcanic rocks containing disseminated- or vein-pyrite and anomalous concentrations of zinc and mercury. These are the same associations observed at Richfield’s Blackwater project located 40 km south of Copley.

On March 9, 2011, the Company entered into a letter agreement with Patriot Gold Corp. (“Patriot”), whereby the Company was granted the right to earn a 70% interest in the Moss Gold project (“Moss”) located in Mohave County, Arizona. Approximately 27,000 feet of infill and resource definition drilling has been completed by the Company on Moss.

On October 21, 2011, the Company reported the findings of an independent resource calculation prepared in accordance with National Instrument 43-101, which reported the following:

At a 0.3 gram per ton gold cutoff the current resource at Moss is reported as:

INDICATED RESOURCE at 0.3 g/t Au Cutoff					
Tonnes	Grades (Grams/Tonne)1		Contained Metal (Ounces)2		
x 1,000	Au	Ag	Au	Ag	Au Equivalent3
13,377	0.89	9.4	383,248	4,021,740	483,7924

INFERRED RESOURCE at 0.3 g/t Au Cutoff					
Tonnes	Grades (Grams/Tonne)1		Contained Metal (Ounces)2		
x 1,000	Au	Ag	Au	Ag	Au Equivalent3
4,731	0.55	6.2	83,124	940,164	106,6284

[1] *Grams/Tonne = grams / metric tonne;*
[2] *ounces = troy ounces / short ton*
[3] *AuEq (ozs) = Au (ozs) + 1/40th Ag (ozs)*
[4] Assumes 100% metallurgical recovery

The mineral resource estimate was completed by Mr. Scott E. Wilson, C.P.G. and Dr. Stewart D. Redwood, FIMMM, of Scott E. Wilson Consulting, Inc. (“SEWC”), an independent qualified resource evaluator; this estimate has an effective date of October 14, 2011, and complies with National Instrument 43-101 for the Standard of Disclosure for Mineral Projects as adopted by the Canadian Securities Regulators.

Subsequent Events

On September 26, 2011, the Company announced that it had entered into a joint venture agreement with Idaho State Gold Company, LLC (“ISGC,” a private Idaho investment company) to acquire up to a 75.5% interest in the Lemhi Gold Project (the “Lemhi Property”) located 25 miles north of Salmon, Idaho. Under the terms of the agreement, ISGC and the Company formed the joint venture entity named Lemhi Gold Trust, LLC (“JV LLC”). JV LLC has consolidated and acquired the Lemhi Property from four underlying vendors for a total acquisition cost of US$9.5 million, of which $5.75 was paid on September 23, 2011 (the “closing date”), US$2.65 million is payable on the first anniversary of the closing date, US$150,000 is payable on the second and third anniversaries of the closing date and US$200,000 is payable on the fourth through seventh anniversaries of the closing date. The transaction is subject to TSXV approval and as of the date of the announcement, shares of the Company have been halted from trading on the TSXV stock market.

The Company will be the operator of the Lemhi Property and will undertake an initial drill program of at least 30,000 feet to validate and expand the historic resource. The Company and ISGC have agreed to an initial funding commitment totalling US$15 million that covers the cost of the Acquisition and the initial work program in connect with the 30,000 foot drill program.

To date, the Company has contributed US$500,000 to JV LLC and will contribute a further US$7.15 million on or before December 2, 2011. If such funding is made between December 2, 2011 and May 1, 2012, the Company will pay a 10% penalty (increasing to 20% on February 10, 2012) on this amount to ISGC.

On October 18, 2011, the Company announced a Non-Brokered private placement (the "Private Placement") of up to approximately 11 million units (each "Unit") at a purchase price of $1.15 per Unit, for aggregate gross proceeds to the Company of up to $12,650,000.

Each Unit will consist of one common share ("Common Share") of Northern Vertex and one-half of one transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common Share at an exercise price of $1.55 for a period of 24 months from the closing date of the Private Placement. 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 it's common shares have closed for 21 consecutive trading days at a price of $2.00 or greater. Finder's fees in cash or units and finder's warrants may be paid in connection with the Private Placement. All of the securities issued pursuant to the Private Placement will be subject to a minimum four month hold period. The net proceeds from the Private Placement will be used to finance acquisition and additional work on the Company's Lemhi property (see news release September 26, 2011), its other properties and for general working capital. The Private Placement and payment of any finder's fee are subject to acceptance by the TSX Venture Exchange.

Mineral Properties, United States
Moss Gold Property, Mohave County, Arizona

The Moss Gold-Silver property is located in Arizona's historic Oatman Mining District, which has produced over 2 million ounces of gold principally from high-grade underground operations. Historically 305 drill holes have been drilled on the Moss property between 1982 and 2008 for a total of 54,390 feet.

On March 9, 2011, the Company entered into a letter agreement with Patriot, whereby the Company was granted the right to earn a 70% interest in Moss located in Mohave County, Arizona. To fulfil the terms of the Exploration and Option Agreement, the Company paid the Grantor US$500,000 upon execution of the agreement and must spend an aggregate total of US$8,000,000 on exploration over five years. 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. Additionally, the Company will pay a 3 percent finder's fee to a non-related party based on the initial payment and the exploration expenditures, payable in installments quarterly. 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 the Grantor. The fee can be purchased by the Company for US$2.4 million.

The Company has completed approximately 27,000 feet of infill and resource definition drilling within their phase I program on Moss. On October 21, 2011, the Company reported a NI 43-101 CIM Compliant resource estimate (see 'Overall Performance' section of MD&A) which was based on 288 exploration drill holes, 8 trenches and 53 channel samples of which 58 of the drill holes were part of the Company's phase I drilling program recently conducted on the Moss Project. The Company is in the process of planning a secondary phase of drilling which is planned to commence before the end of 2011.

Lemhi Gold Property, Lemhi County, Idaho

The Lemhi Property consists of 4 contiguous mining properties located in Sections 4, 5, 8 and 9 of T25N, R21E and Sections 28, 29, 32 and 33 of T26N, R21E in Lemhi County, Idaho, including patented claims covering 613 acres and 73 unpatented claims of approximately 1400

acres. The Lemhi Property was recently consolidated from numerous underlying property holders providing the Company with an interest in a newly consolidated regional exploration opportunity.

The Lemhi Gold Property geology is underlain by meta-sedimentary rocks of the Lemhi Group of late-Proterozoic age. The Lemhi Group package of rocks has been thrust over the older Yellowjacket Formation of Proterozoic age. This thrusting event is believed to be an important feature that helped control the emplacement of gold mineralization. Quartz diorite sills intrude the metasedimentary units.

Gold mineralization occurs proximal to the sills and is associated with intense silicification and massive quartz veins. Oxidation extends to a depth of approximately 100 to 150 feet. Gold below the oxide zone is in sulfides. Total sulfides are usually less than 2 percent and include pyrite and chalcopyrite. Trace elements associated with gold include copper and molybdenum.

A historical non-compliant 43-101 resource of 32.36 million short tons at a grade of 0.0375 ounces per short ton for 1.21 million contained ounces of gold, as reported to by Pincock Allen & Holt in 1996 (the “PAH Report”). The PAH Report calculated a non-compliant 43-101 Geological Resource on the Humbug based on 277 reverse circulation holes totaling 157,000 feet with a cutoff grade of 0.0112 opt. In 1996 Kappes, Cassiday & Associates conducted a non-compliant Pre-Feasibility Study on the Humbug deposit based on 15,675,000 tons of ore, and an approximate 6-year mine life.[1]

A 30,000-foot confirmation-drilling program is planned to commence on the Lemhi Gold project to confirm, validate and expand historic gold resources. The program will be followed by the initiation of an Independent NI 43-101 Resource Calculation to determine and confirm the Lemhi Gold project’s actual estimated mineral resources or reserves.

Copley Gold Property, British Columbia

The Copley Property (“Copley”) covers 4,475 hectares and is located 30 km south of the town of Fraser Lake. The property is underlain by a variety of andesitic to rhyolitic extrusive igneous rocks belonging to the Eocene Ootsa Lake Group; these volcanic rocks were erupted during an episode of crustal extensive 53 – 47 million years ago. Several prominent silicified, hydrothermally brecciated, rhyolite domes display characteristics consistent with epithermal-style gold mineralization. Copley is the site of gold discoveries in silicified, hydrothermally brecciated, rhyolite domes having characteristics consistent with epithermal-style gold mineralization.

On January 18, 2011, the Company received TSXV approval having entered into a letter agreement with Kootenay Gold Inc. (“Kootenay”), dated November 10, 2010, whereby the Company was granted the right to earn a 60% undivided interest in the Copley Gold project (“Copley”) located in the Nechako Plateau of Central British Columbia. Pursuant to the terms of the Option Agreement, the Company must spend $2,200,000 on exploration over a four year

[1] Northern Vertex cautions that a qualified person has not done sufficient work to classify the historical estimate, or has substantiated any data as it pertains to a pre-feasibility study, as current mineral resources or mineral reserves, therefore, it should not be relied upon on as actual resource or reserve estimates, and should be construed only as conceptual in nature. The Company is treating the historical estimate only a guideline to determining potential future mineral resources or mineral reserves.

period and issue up to 800,000 common shares, with 200,000 issued on TSXV approval and the remainder in equal instalments on each of the first, second and third anniversaries of the letter agreement.

A first phase drill program of 1,100 meters for a total 11 drill holes was completed during the year. The Company is currently planning a second phase of drilling to be conducted before the end of 2011.

The Company filed a 43-101 compliant Technical Report on February 17, 2011 and can be reviewed on SEDAR (www.sedar.com).

Mineral Properties, Canada
Deer Creek Property, British Columbia

The Deer Creek Property ("Deer Creek") comprises approximately 420 hectares, located on the east side of Lower Arrow Lake in southeastern British Columbia. The area is underlain by deformed Late Paleozoic metasediments and metavolcanics, intruded in the northern part by Middle Jurassic granodiorite and in the west, Middle Eocene Coryell intrusive rocks. Several prominent dyke swarms trend northerly in both the western and eastern part of the property. The property covers four types of mineralization in veins and shears which are; copper bearing sulfide veins, lead-zinc silver sulfide veins and gold bearing quartz veins and shears. Mapping and geophysics shows mineralization occurs along north south trending dyke swarms and structures up to 2 kilometers in length. Some gold mineralization is closely associated with both electromagnetic highs and magnetic highs. Over 100 samples collected, reported gold ranging from background to 36,398 ppb (36.398 grams per tonne), silver ranging from background to greater than 100 ppm (100 grams per tonne) and copper, lead and zinc ranging from background to greater than 10,000 ppm (1%), 9999 ppm (0.9%), and 49,458 ppm (4.9%) respectively. Mineralization occurs in zones exceeding ten meters in width but nothing is known about the grade across these zones at this time as all samples are grabs and exposure is low.

The Deer Creek Property was the Company's QT which received TSXV approval on May 4, 2010, having entered into an option agreement with Kootenay Gold Inc. ("Kootenay"), dated January 8, 2010, whereby the Company was granted the right to earn a 60% undivided interest in the Deer Creek Gold project, located in the West Kootenay region of southern British Columbia. Pursuant to the terms of the Option Agreement, the Company is committed to spend $1,000,000 on exploration over a five year period, issue up to 400,000 common shares over a three year period and issue an additional 250,000 common shares upon the Deer Creek property being brought into commercial production. Kootenay remains the operator on the Deer Creek property until the Company has earned its 60% interest.

Selected Annual Financial Information

The following selected financial information is derived from the audited financial statements of the Company for the years ended June 30, 2011, 2010, 2009, and 2008, which are prepared in accordance with Canadian GAAP.

	Year Ended June 30, 2011	Year Ended June 30, 2010	Year Ended June 30, 2009	Year Ended June 30, 2008
Revenue	**Nil**	**Nil**	**Nil**	**Nil**
Net Loss	$ (683,451)	$ (7,712)	$ (38,237)	$ (61,964)
Total Assets	$ 3,548,784	$ 919,923	$ 415,712	$ 450,308
Total Liabilities	$ 413,267	$ 41,023	$ 12,657	$ 17,534
Shareholders' Equity	$ 3,135,517	$ 878,900	$ 403,055	$ 432,774

Factors Affecting Comparability of Annual Financial Information

During the year ended June 30, 2010, the Company recorded $68,097 for future income tax recovery related to the renunciation of flow-through share expenditures to investors for Canadian Income Tax purposes.

Summary of Quarterly Financial Information

	Three Months Ended June 30 2011	Three Months Ended March 31 2011	Three Months Ended December 31 2010	Three Months Ended September 30 2010	Three Months Ended June 30 2010	Three Months Ended March 31 2010	Three Months Ended December 31 2009	Three Months Ended September 30 2009
	$	$	$	$	$	**$**	**$**	**$**
Revenue	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Net Loss	(331,999)	(153,405)	(167,341)	(30,706)	43,605	(37,866)	(6,513)	(6,938)
Total Assets	3,548,784	3,249,803	857,595	1,014,300	919,923	661,556	693,069	407,556
Total Liabilities	413,267	2,428,909	75,019	166,106	41,023	309,818	303,465	11,439
Shareholders' Equity	3,135,517	820,894	782,576	848,194	878,900	351,738	398,604	396,117

Results of Operations

For the three months ended June 30, 2011, the Company reported a net loss of $331,999 (2010: income of $43,605). The Company incurred deferred expenditures of $1,955,730 (2010: $Nil), relating to the Moss Gold project. For the three months ended June 30, 2011 the Company incurred professional fees including audit, consulting and legal costs of $172,624 (2010: $14,720). Transfer agent and filing fees totalled $7,968 (2010: $3,592) which was related to sustaining and ongoing fees related to being a TSXV listed company. Management fees for the period were $69,100 (2010: $500). The Company incurred a foreign exchange loss of $23,526 (2010: $Nil) due to the volatility of the US dollar against the Canadian dollar during the period. Office and miscellaneous expenses were $28,012 (2010: $5,727) relating to office rent and ongoing administration costs. Property fees totalling $46,462 (2010: $Nil) were related to the Moss project. The Company recorded a future income tax recovery of $15,693 relating to flow-through exploration expenditures.

For the year ended June 30, 2011, the Company reported a net loss of $638,451 (2010: $7,712). The Company incurred deferred expenditures of $2,380,737 (2010: $20,478), with $1,955,730 relating to the Moss project, $286,938 relating to the Copley Gold project and $138,069 relating to the Deer Creek project. For the year ended June 30, 2011 the Company

incurred professional fees including audit, consulting and legal costs of $349,663 (2010: $29,141) which includes non-cash expense of $209,293 (2010: $Nil) related to stock-based compensation. The increase in professional fees relates to increased consulting expenses and legal costs associated with property agreements and the incurrance of stock-based compensation. Transfer agent and filing fees totalled $28,937 (2010: $23,873) which were related to sustaining and ongoing fees related to being a TSXV listed company. Management fees for the period were $174,800 (2010: $500) which includes non-cash expense of $123,300 (2010: $Nil) related to stock-based compensation. The Company incurred a foreign exchange loss of $8,453 (2010: $Nil) due to the volatility of the US dollar against the Canadian dollar during the year. Office and miscellaneous expenses were $90,804 (2010: $22,295) relating to office rent, travel and ongoing administration costs. Additionally $15,414 (2010: $Nil) related to non-cash expense of stock-based compensation. . Amortization expense for computer equipment totalled $25 (2010: $Nil). Property fees totalling $46,462 (2010: $Nil) were related to the Moss Gold project.

Liquidity and Capital Resources

As at June 30, 2011 the Company had working capital of $726,784 (2010: $874,115) including cash and cash equivalents of $1,029,668 (2010: $886,184), accounts receivable and advances of $9,700 ($2010: $Nil), HST receivable of $72,990 (2010: $5,611), prepaid expenses of $27,693 (2010: $7,650), current liabilities of $413,267 (2010: $25,330) which included accounts payable and accrued liabilities of $313,267 (2010: $25,330) and in trust $100,000 (2010: $Nil) related to the exercise of warrants issued subsequent to June 30, 2011.

On April 5, 2011, a private placement of 3,143,000 units at $0.70 for gross proceeds of $2,200,100. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of $1.15 per share until April 4, 2013. Total cash finder's fees of $119,700 were paid to non-related parties and share issuance costs of $13,739 were incurred.

Our cash position will enable us to continue our exploration efforts in the United States and Canada, as well as to identify new properties and forming joint ventures to managing risk, in which partner companies explore and develop such projects in return for the right to earn an interest in them. The Company expects to obtain financing in the future primarily through further equity, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

The poor conditions in the U.S. housing market and the credit quality of mortgage backed securities have stabilized versus 2008 and 2009 but a loss of confidence in the broader U.S. and European markets and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. These disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations.

The Company's access to additional capital may not be available on terms acceptable to us or at all. As we expect our reliance on equity financings to continue into the future, these current market conditions could make it difficult or impossible for us to raise necessary funds to meet our capital requirements. If we are unable to obtain financing through equity investments, we will seek multiple solutions including, but not limited to, credit facilities or debenture issuances. We are also attuned to the affect of capital markets on many of our joint venture partners who may not be able to meet their obligations under their option or joint venture agreements.

Contractual Obligations

The Company has entered, jointly with other tenants, into an office lease expiring May 31, 2012. The monthly commitment of which is $2,850 per month.

Related Party Transactions

As at June 30, 2011, the Company incurred $Nil (2010: $9,600) for office rent and $20,000 (2010: $Nil) for administration costs, which were paid to a private corporation that has an officer in common. The Company also incurred $51,500 (2010: $Nil) for management fees that were paid to companies controlled by officers. For the year ended June 30, 2011, the Company was charged $338,789 (2010: $Nil) for exploration costs and $8,421 (2010: $Nil) for operating expenses that were paid to a public corporation that has an officer in common.

As at June 30, 2011, $4,800 (2010: $4,800) was included in prepaid expenses and $29,800 (2010: $11,375) was included in accounts payable and accrued liabilities that was due to companies with an officer in common.

In addition to the above, pursuant to the option agreement for the Deer Creek Project, the Company recorded $5,000 in mineral property acquisition related to the fair value calculated on the issuance of 100,000 common shares valued at $0.05 per share. The Company also issued 200,000 common shares pursuant to Copley Project option agreement that were recorded at $90,000 using the fair value of $0.45 per share. For the year ended June 30, 2011, the Company incurred deferred expenditures of $138,069 (2010: $20,478) and $286,938 (2010: $Nil) relating to the exploration advancements of the Deer Park and Copley Gold projects respectively.

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 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 the best interest of the Company.

Accounting

Critical Accounting Estimates

Please refer to Note 3 of the Company's Annual Financial Statements for additional information under "Significant Accounting Policies".

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter September 30, 2011 for which current and comparative information will be prepared on an IFRS basis. During the year ended June 30, 2011, the Company reviewed its financial statements and its business processes that capture financial data to ensure that prior to the due date of conversion, the Company is IFRS ready.

The Company has identified measurement differences when comparing IFRS to Canadian GAAP for certain items on its financial statements, which are being further reviewed and quantified. On applying these items under IFRS, any resulting material adjustments to the Company's account balances will be reflected on the Company's financial statements for the first fiscal quarter in 2012.

1. Stock-based Compensation—IFRS 2 "Share-based Payments"

Scope

Share-based payments granted by the Company consist of options granted to both employees and non-employees for services that are exercisable for common shares at a fixed price for a fixed period of time.

Canadian GAAP

Vesting

When a company grants share-based payments that vest over time, the Company can elect to either record the corresponding expense straight-line over the vesting period or alternatively using the graded vesting method. The Company follows the straight-line method for its employee options.

Forfeiture

Companies are permitted to either account for forfeitures as they occur or alternatively estimate the impact of forfeiture up-front and adjust the estimate to actual upon vesting. The Company follows the policy of accounting for forfeitures as they occur.

Transaction with Non-employees

Transactions with non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument, whichever can be more reliably measured.

IFRS

Vesting

Options subject to vesting must be recorded using the graded vesting method. Given the Company follows the straight-line method, the impact of this difference will need to be analyzed for options that are outstanding and unvested at the date of transition, July 1, 2010.

Forfeiture

An estimate of forfeiture is required to be made by the Company, up-front. A potential difference between the Company's existing practice and the requirements under IFRS may exist. However, if the Company has no consistent history of forfeiture, an estimate of 0% would be appropriate.

Transaction with Non-employees

Rather than record the transaction at the more reliably measureable fair value of the goods or services received and the share-based payment, priority is given to the fair value of the goods or services received. There are potential differences related to the value at which transactions with non-employees are measured; accordingly, such transactions should be analyzed by the Company.

2. Mineral Properties—IFRS 6 "Exploration for and Evaluation of Mineral Resources"; IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets"

Scope

The analysis below is applicable to accounting for acquisition costs and expenditures on mineral properties for which the Company has legal rights to explore during the exploration and evaluation stage prior to the point in time when the technical feasibility and commercial viability of a resource is demonstrable.

Canadian GAAP

Initial Recognition

The Company follows the policy of capitalizing all costs related to investments in mineral property interests on a property-by-property basis, which includes exploration expenditures.

Subsequent Measurement

Mineral property expenditures are carried at cost less accumulated amortization or impairment. Amortization is recorded in a rational and systematic manner appropriate to the nature of the corresponding asset, its life and use by the Company. Further, amortization is recognized over the life or useful life of an asset.

Impairment

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable. An impairment loss cannot be reversed if the fair value subsequently increases.

IFRS

Initial Recognition

Given the costs incurred by the Company to date include acquisition and exploration expenditures, which are consistent with IFRS, unless there is a change in policy, there will be no impact upon transition.

Subsequent Measurement

The Company has a policy choice with respect to the valuation model to be applied for subsequent measurement. Similar to Canadian GAAP a cost model can be followed where the mineral property interest is recorded at amortized cost or alternatively a revaluation model can be followed where the mineral property interest is recorded at fair value. Although the revaluation model is a policy choice in theory, in practice given the current stage of the exploration efforts on the Company's mineral properties, the revaluation model is not available to the Company given there is no active market for mineral property interests. Under the cost model, should the mineral property interest be classified as a "tangible asset", there would be no implications on transition.

Impairment

At each reporting period, an entity is required to assess whether there are any indications of impairment. If any indications exist, the entity must test the asset for impairment. The Company shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for all assets except goodwill may no longer exist or has decreased. If any such indication exists, the carrying value of the asset is increased to the recoverable amount; however, the amount is limited to the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior periods (i.e., it cannot be increased to an amount above the original cost).

3. Deferred Tax—IAS 12 "Income Tax"

Scope

The Company has identified two areas in application of Income Tax.

Canadian GAAP

Valuation Allowance

Future income tax assets are recognized to the extent that they are "more likely than not" to be realized. As of June 30, 2010, the Company reported a net future income tax liability and no valuation allowance was recorded. For the year ended June 30, 2011, the Company has recorded a full valuation allowance against its net future income tax liability.

Classification

Future income tax assets/liabilities are classified in the balance sheet as current or non-current in correspondence with the classification of the related line item.

IFRS

Valuation Allowance

A deferred tax asset is recognized to the extent it is "probable" that it will be realized. Canadian GAAP defines the recognition criteria as more likely than not, or 51% probability; IFRS does not define the term probable. Although in theory this may result in differences, in practice it is unlikely to do so.

Classification

Any deferred tax asset/liability is classified as non-current regardless of the classification of the related line item.

4. Functional Currency – IAS 21 "The Effects if Changes in Foreign Exchange Rates

Scope

The Company utilizes both Canadian and US dollars for the payment of operations. The Company is assessing the effect of this change.

Canadian GAAP

Requires the Company to determine the functional currency of the parent and then assess whether a subsidiary is an integrated or self-sustaining entity. This determination dictates the method of foreign exchange translation for the consolidated financial statements.

IFRS
Requires functional currency to be assessed independently for each entity within a consolidated group and introduces the concept of primary and secondary factors.

5. Financial Instruments – IAS 39 “Financial Instruments: Recognition and Measurement

Scope
Financials assets held by the Company include cash and cash equivalents, and amounts receivable (excluding taxes receivable); financial liabilities held by the Company include accounts payable.

Canadian GAAP
Measurement Basis
Under Canadian GAAP, the Company has classified it financial instruments as follows:
- Cash and cash equivalents, as held-for-trading;
- Amounts receivable (excluding taxes receivable) as loans and receivables;
- Accounts payable and accrued liabilities, as other financial liabilities.

Based on the above, cash and cash equivalents are carried at fair value with gains and losses recorded directly to profit or loss; amounts receivable, and accounts payable and accrued liabilities are carried at amortized cost using the effective interest method.

Transaction Costs

The Company follows the policy of including transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading in the initial carrying value of such instruments.

IFRS

Measurement Basis

Financial instruments need to be acquired for the purpose of trading in the near-term or there must be a history of short-term profit taking from such instruments to be classified as held-for-trading (or available-for-sale through profit or loss). Although this is a difference in classification it will not materially impact the accounting treatment due to the short-term to maturity of term deposits. Management does not expect significant differences under IFRS as compared to Canadian GAAP for the Company’s financial instruments.

Transaction Costs

Transaction costs must be included in the carrying value of the financial instrument. Given the Company’s existing policy is in accordance with the requirement under IFRS; there will be no impact upon transition.

Critical Accounting Estimates

Please refer to Note 3 of the Company's Financial Statements for additional information under "Significant Accounting Policies".

Significant areas requiring the use of management estimates include the collectability of amounts receivable, recovery of British Columbia Mining Exploration Tax Credit receivable, balances of accrued liabilities, the fair value of financial instruments, the rates for amortization of property and equipment, the recoverability of mineral property interests, determination of asset retirement and environmental obligations, estimates of future income tax assets and liabilities, valuation allowances for future income tax assets and the determination of variables used in the calculations of stock-based compensation. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Disclosure of outstanding Share Data
The following table states the diluted share capital of the Company.

	Number Shares Outstanding (Diluted)
Shares issued pursuant to a private placement	6,650,000[1]
Shares issued pursuant to IPO	6,650,000[2]
Balance as at June 30, 2009	**6,650,000**
Shares issued pursuant to a private placement	11,500,000
Acquisition of mineral property	100,000
Balance as at June 30, 2010	**18,250,000**
Shares issued pursuant to a private placement	3,143,000
Exercise of warrants	4,300,000
Exercise of stock options	12,000
Acquisition of mineral property	200,000
Balance as at June 30, 2011	**25,905,000**
Shares reserved for issuance pursuant share purchase options outstanding	1,928,000[3]
Shares reserved for issuance pursuant share purchase warrants outstanding	8,771,500[4]
DILUTED TOTAL	**36,604,500**

Notes:

1 On June 28, 2007, the Company issued 2,200,000 common shares at $0.05 per common share for an aggregate of $110,000. On June 29, 2007, the Company entered into an escrow agreement with the holders of these 2,200,000 common shares. These shares will be released pro rata to the shareholders with 10% released on the date the company completed its the Qualifying Transaction, and 15% on each six-month period thereafter. The release of escrow shares is also subject to the approval of the Exchange. On October 20, 2007, the Company issued 2,250,000 common shares at $0.10 per common share for an aggregate of $225,000.

2 On April 8, 2008, the Company completed its IPO with the British Columbia and Alberta Securities Commissions for the issuance of 2,200,000 common shares at $0.10 per share for gross cash proceeds of $220,000.

3 As at June 30, 2011, the Company had outstanding stock options enabling holders to acquire common share of the Company as follows:

Number of Shares	Exercise Price	Expiry Date	Number Exercisable
	$		
500,000	0.10	April 10, 2013	500,000
978,000	0.45	November 13, 2015	978,000
200,000	1.00	May 17, 2016	200,000
250,000	1.15	June 1, 2016	250,000
1,928,000			1,928,000

4 Shares reserved for issuance pursuant to 7,200,000 share purchase warrants outstanding exercisable until April 30, 2015 at an exercise price of $0.10 per share purchase warrant and 1,571,500 share purchase warrants outstanding exercisable until April 4, 2013 at an exercise price of $1.15 per share purchase warrant.

Risks and Uncertainties

The Company is in the business of acquiring, 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 revenue other than project management fees, and interest on cash balances. The Company will rely mainly on equity financing to fund exploration 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 and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company anticipates future expenditures will require additional infusions of capital; 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 Resulting Issuer 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 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 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, and 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.

Supplies, Infrastructure, Weather and Inflation

The Company's property interests are often located in remote, undeveloped areas and the availability of infrastructures such as surfaces access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site. Due to the partial remoteness of its exploration projects, the Company is forced to rely on the accessibility of secondary roads.

Recent, improved market conditions for resource commodities after several years of record low prices have resulted in dramatic increase in mineral exploration which has resulted in 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 recent global financial crisis mineral exploration expenditure has been reduced until the fall out from the crisis is truly known. The Company views access to service providers more readily available at this moment.

It is difficult at this stage to quantify the effect of the global financial crisis in respect to the demand for exploration goods and services, but it is forecast that field costs for the upcoming field season 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 and 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

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties

will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements, or transfers, or native claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in British Columbia provides restrictions and prohibition on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, 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 and 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 current operations of the Company require permits from various provincial authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

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, however, that all permits which the Company may require for its operations and exploration activities 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 a 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 any of 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.

Disclosure Controls and Procedures and Internal Control 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. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosures are identified and reported in a timely manner.

Management is also responsible for the design of the Company's internal control 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 Canadian GAAP. Based on an evaluation of the design of the Company's internal controls over financial reporting, it was determined that, as of June 30, 2011, a weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of accounting duties. Due to the small size of the Company, the Company does not have the sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time. To help mitigate the impact of this weakness, senior management will continue their monitoring process and the advice of external advisors will be sought to determine if other costs effective compensation measures can be employed.

Approval

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

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com.