NORTHERN VERTEX

MINING CORP

Management's Discussion and Analysis
for the Three and Six Months Ended December 31, 2017

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The Management's Discussion and Analysis ("MD&A") of Northern Vertex Mining Corp. ("Northern Vertex" or the "Company"), has been prepared by management as of February 28, 2018 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 three and six months ended December 31, 2017. This MD&A provides information on the operations of the Company for the three and six months ended December 31, 2017 and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto (the "Financial Statements"), as well as the audited annual consolidated financial statements for the year ended June 30, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

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

1. Business Overview

Northern Vertex's material mineral project is the 100% owned Moss Mine gold-silver deposit (the "Moss Mine Project") in Mohave County, Arizona. The Company is a development stage mining company with near term production expected at the Moss Mine in the first quarter of calendar 2018. 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.

2. Second Fiscal Quarter 2018 Operating and Financial Highlights

- The crushing plant was mechanically completed which included the installation of the 4 crushing units, three rock boxes, 14 conveyors and the agglomeration circuit. The remaining electrical work was also nearing completion.

- The leach pad was substantially completed and was ready to receive ore upon the commencement of crushing and agglomeration operations in the third quarter of fiscal 2018.

- The mechanical and electrical components for agglomerated ore transport and stacking are onsite and have been assembled. The radial stacker and grasshoppers were positioned ready to commence ore stacking.

- The Merrill Crowe plant and refinery were nearing mechanical completion and the electrical work is progressing well which includes the programable logic controllers ("PLC") wiring.

- A preliminary economic assessment ("PEA") was released of the technical and economic viability of expanding the Moss Mine to include resources that could be accessed by a future expansion of operations onto the Company's adjacent unpatented mining claims.

- Frank (Bud) Hillemeyer and Perry Durning were appointed as Exploration Advisors for the Oatman District through an agreement with La Cuesta International Inc.

- The Company received US$8.7 million of funding under a definitive Master Lease Agreement ("MLA") for up to US$9 million with Caterpillar Financial Services Corporation ("Cat Financial") to fund the Company's purchase of certain key pieces of equipment, including power generators, mobile equipment and the crushing plant for use at the Moss Mine.

- The fourth tranche of US$5 million, was drawn under its senior secured credit facility (the "Sprott Facility") from Sprott Private Resource Lending (Collector), LP ("Sprott") for a total of US$20 million received under the Sprott Facility.

- The Company entered into a definitive agreement in respect of an unsecured subordinated non-revolving loan facility (the "Working Capital Facility") in the amount of US$6 million. Drawing on the Working Capital Facility is subject to the satisfaction of a number of standard conditions precedent. Subsequent to December 31, 2017, the Company drew an initial advance of US$3 million which was evidenced by way of a convertible debenture and, in addition, provided notice of its intention to draw the remaining balance of US$3 million.

Further details regarding the financings highlighted above are disclosed in the *Liquidity and Capital Resources* section of this MD&A.

3. Operations

Moss Mine Project

The Company owns 100% of the Moss Mine Project which is located approximately 15 km by road to the east of Bullhead City, in the historically significant Oatman Mining District of Mohave County Arizona. It comprises a total area of 4,030.8 hectares of mining claims and leases centered on the approximate location of the historical Moss Vein. The proven and probable ore reserves of 8,035,000 tonnes with an AuEq grade of 0.933 g/t containing 240,920 AuEq ounces (213,100 Au ounces and 2,396,590 Ag ounces) are within a central area of 15 patented lode claims totaling 102.8 hectares. The reserves comprise a portion of the project total measured and indicated resource of 15,480,000 tonnes with an AuEq grade of 0.87 gpt containing 435,000 AuEq ounces (377,000 Au ounces and 4,610,000 Ag ounces). For further details refer to the Company's NI 43-101 Preliminary Economic Analysis as filed on SEDAR on November 22, 2017.

The key strategic priorities for the Company are to complete construction and enter commercial production.

Project Permitting

The Company is fully permitted to operate a 5,000 tonne per day open pit, heap leach operation with Merrill Crowe recovery of gold and silver.

Work continues on the permitting processes for mine optimization which included submitting two Right of Way ("ROW") permit applications to the Bureau of Land Management (the "BLM") in May 2017 for construction of a power-line (partially on federal lands) to access utility grid power and for reconstruction of the 1.3 mile long Moss Mine access road. The road will be reconstructed by widening it, onto federal lands, to two lanes wide and therefore eliminating vertical and horizontal curves and blind spots. Both permit applications were deemed complete by the Kingman office of the BLM, were reviewed and items of environmental concern were identified and assessed for potential impacts. The major factors driving the applications are the elimination of diesel emissions to the atmosphere from on-site generators, lowering power costs and increasing the level of traffic safety for persons using the public county access road.

Biological and cultural inventory surveys were designed and completed by Westland Resources Inc. of Tucson, Arizona, along the entire length of the proposed powerline and road reconstruction area. Concerns were expressed and in a pro-active approach, simple engineering design changes addressed the concerns and amended applications were submitted. Community support, including the enactment of resolutions of support by Bullhead City Council and Mohave County Board of Supervisors, for the two projects is widespread in recognition of the elimination of greenhouse gases and the improvements to vehicular traffic. The Company notes the enactment of Presidential Executive Order #13807 (August 15, 2017) and subsequent Secretarial Order #3355 (August 31, 2017), by Department of the Interior (the "DOI") Secretary Zinke, that stipulate that federal permit and environmental assessment documents be limited in size and limited generally to one year for assessment and determination. The DOI administers the BLM. With the new orders, permitting times are expected to decrease significantly and the Company is hopeful that the passage of the Executive Orders will speed up the permitting processes for the ROW permits.

Project Engineering and Procurement

Project engineering was completed during the six months ended December 31, 2017. With the vast majority of equipment having been ordered and received at site, procurement is substantially complete.

Construction and Commissioning

Construction of the Moss Mine continued as the Company advances toward the first gold pour. As of the date of this MD&A the following construction and commissioning was in progress at the Moss Mine.

The crushing plant was mechanically and electrically completed along with vendor commissioning. Initial testing of the crushing plant included 14 conveyors and 4 vibratory rock feeders, the jaw crusher, a K400 secondary cone crusher, two K500 tertiary cone crushers, the cement silo and cement feeder and the agglomeration drum. Commissioning continues with the plant operating seven days per week on day shift with current average throughput averaging 425 metric tonnes per hour ("tph") compared with a nameplate capacity of 336 tph.

The leach pad, comprising roughly 4,000,000 square feet of geomembrane liners, was completed including the placement of the remaining overliner drainrock in the West Pad area. In addition, the mechanical and electrical components for ore transport and stacking were assembled, tested and commissioned which included an overland conveyor, grasshopper conveyors and an extendable radial stacker. Ore stacking on the leach pad commenced with commissioning of the crushing plant and approximately 39,000 metric tonnes ("tonnes") has been stacked to date.

The Merrill Crowe ("MC") plant and refinery were mechanically and electrically completed and are in the final stages of commissioning. Reagent and cyanide first fills were received in January 2018 and leach solution was received on the pad in early February 2018. Grades of the pregnant solution are steadily rising as expected as more stacked material has leach solution applied and new drip-lines are added daily to stacked ore material. Pregnant solution is scheduled to be processed within the MC plant within the first quarter of calendar 2018.

The Company has been successful at building a permanent operating team which includes the following under the direction of the Mine Manager: crushing plant operators under the direction of the Crushing Manager, heap leach pad operators under the direction of the Plant Manager, and Merrill Crowe/refinery operators and assay lab technicians under the direction of the Mine Metallurgist.

Preliminary Economic Analysis

During the six months ended December 31, 2017, the Company released an NI 43-101 Preliminary Economic Analysis ("PEA"), in respect of the mine life extension at the Moss Mine, with highlights as follows:

	Years 1-4	**Years 5-10**	**Life of Mine**
Annual Production	1.9 million tonnes	1.9 million tonnes	
Mineralized Material to Leach	7.1 million tonnes	10.0 million tonnes	17.1 million tonnes
Strip Ratio	1.77	1.92	1.85
Average Gold grade - gpt	0.95	0.52	0.70
Average Silver grade - gpt	10.5	6.78	8.33
Average "AuEq" grade* - gpt	1.12	0.62	0.83
Recoveries to Doré	Au - 82%, Ag – 65%	Au - 82%, Ag – 65%	Au - 82%, Ag – 65%
Contained Gold – troz oz	216,750	165,150	381,900
Contained AuEq – troy oz	255,209	199,916	455,125
Gold Production – troy oz	167,170	145,980	313,150
AuEq Metal – troy oz	190,740	170,010	360,750
Capital Costs (incl indirects)**			US$61.6 million
Operating Costs	US$76.6 million	US$113.5 million	US$190.021 million
AuEq Cash Cost per troy oz.	US$401	US$667	US$527
Cash Cost net of Ag credits	US$283	US$573	US$418
AISC per troy oz AuEq.	US$472	US$753	US$603
Life of Mine			10 years
IRR (before/after tax)			73.1% / 52.5%
NPV 5% (before/after tax)			US$133M / US$93M
Payback Period (before/after tax)			20 mo. / 27 mo.

* Gold equivalent ounces of silver calculated by multiplying by 20 and dividing by 1250

** Includes US$37.5 million of previously funded Phase II committed costs.

The PEA results were previously disclosed in the Company's news release dated October 9th, 2017. The PEA sets out the technical and economic viability of extending the Moss Mine to include mining of resources not included in feasibility reserves. This scenario includes surface disturbance and an expansion of the mine facilities onto federal public lands administered by the BLM and would therefore require the submission and approval of a Mine Plan of Operations.

Project Finance

During the six months ended December 31, 2017, the Company completed the final tranche of a US$20,000,000 non-brokered private placement with Greenstone Resources II L.P. ("Greenstone"), issuing 23,849,230 units at a price of $0.52 per unit for gross proceeds of US$9,213,670. The Company also closed a separate non-brokered private placement raising gross proceeds of $3,031,860, issuing 5,830,500 units at a purchase price of $0.52 per unit.

The Company drew the third and fourth tranches totaling US$10,000,000 from its Sprott Facility. With the third and fourth tranches drawn, a total of US$20 million has been received under the Sprott Facility.

The Sprott Facility provides for a security carve-out for certain equipment financing. The Company executed a definitive MLA with Cat Financial and received funding for the crushing plant, ancillary mobile equipment, and diesel generators of approximately US$8,700,000.

The Company entered into a definitive agreement with Greenstone in respect of an unsecured subordinated non-revolving Working Capital Facility in the aggregate principal amount of US$6,000,000. Drawing on the Working Capital Facility is subject to the satisfaction of a number of standard conditions precedent. Subsequent to December 31, 2017, the Company drew an initial advance of US$3,000,000 which was evidenced by way of a convertible debenture and, in addition, provided notice of its intention to draw the remaining balance of US$3,000,000.

Material terms and conditions regarding the non-brokered private placements, the senior secured credit facility and the equipment finance lease facility are included in the *Liquidity and Capital Resources* section of this MD&A.

Exploration

During the six months ended December 31, 2017, the Company, in acknowledgment of the advantages of having a producing mine serving as a central focus in the Oatman area, recognized the importance of possibly expanding the resource base through detailed exploration of their extensive claim holdings in the Oatman area. Historically, the Oatman epithermal deposits have produced in excess of 2 million ounces of gold from three historical mines and little modern exploration has been conducted in the area with the exception of programs by Fischer-Watt Gold. On October 16, 2017 the Company announced the appointment of Frank (Bud) Hillemeyer and Perry Durning as exploration advisors for the Oatman District through an agreement with La Cuesta International Inc.

Perry Durning and Frank (Bud) Hillemeyer formed La Cuesta International in 1993 after roughly a decade together at Fischer-Watt Gold, an Arizona and Nevada-based mineral exploration firm. Perry and Bud are recognized for their outstanding record of grassroots discoveries and, in 2010, received the Thayer Lindsley International Mineral Discoveries Award. Perry and Bud possess proprietary knowledge and data that allows for quick advancement of the Company's exploration program.

During November 2017 they led field reconnaissance trips across the Oatman district, advised on the engagement of additional technical staff, and recommended an initial program of mapping and sampling of specific targets of interest that were identified within the district. This program commenced in early December 2017.

The company is also assessing the possibility that additions to the resource base could be made immediately adjacent to the existing resource by further exploration of western and eastern extensions of the Moss vein, of the Ruth and Rattan veins and the newly discovered Mordor vein. Positive results from surface sampling appear to justify further drilling programs.

4. Summary of Quarterly Results

	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016
Revenue[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss for the period	(802,365)[2]	(2,546,135)[3]	(1,146,725)[4]	(1,530,550)[5]	(887,779)[6]	(926,188)[7]	(2,593,404)[8]	(3,770,409)[9]
Basic and diluted loss per share	(0.00)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.03)	(0.04)

1 As the Company is not in commercial production there are no sales.
2 Included an unrealized foreign exchange gain of $178,086, attributable to the mild strengthening of the US dollar against the Canadian dollar during the quarter, compared to an unrealized foreign exchange loss of $1,712,095 during the previous quarter.
3 Included an unrealized foreign exchange loss of $1,712,095 related to an increase in US cash held and was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter.
4 Included an unrealized foreign exchange loss of $506,920 relating to US cash held that was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter and was offset by an interest expense decrease resulting from the capitalization of borrowing costs. The net impact was a decrease in net loss for the quarter.
5 Included a fair value loss on gold call options issued in connection with the Sprott Facility and increased interest expense which resulted in an increased net loss for the quarter.
6 Included a fair value gain on gold call options issued in connection with the Sprott Facility and a reduced deferred tax recovery which resulted in a decreased net loss for the quarter.
7 Included was a deferred tax recovery of $514,429 related to the first tranche of convertible debentures issuance which reduced the net loss for the quarter.
8 Included was a non-cash unrealized foreign exchange loss of $1,411,756 that was attributed to the weakening of the US dollar in comparison to the Canadian dollar from the previous quarter end.
9 Included was a non-cash unrealized foreign exchange loss of $3,144,066 that was attributed to the weakening of the US dollar in comparison to the Canadian dollar.

Net loss decreased for the three months ended December 31, 2017 compared to the three months ended September 30, 2017. The decrease was primarily due to an unrealized foreign exchange gain in the current quarter compared to a relatively significant unrealized foreign exchange loss in the previous quarter. The unrealized foreign exchange gain related to US cash held and was attributable to the mild strengthening of the US dollar in comparison to the Canadian dollar during the quarter.

The increase in net loss for the three months ended September 30, 2017 compared to the three months ended June 30, 2017 was primarily due to an increase in unrealized foreign exchange loss relating to an increase in US cash held due to recent financings and was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter. In addition, finance costs increased during the first fiscal quarter of 2018 due to increased interest related to a larger debt balance outstanding.

The decrease in net loss for the three months ended June 30, 2017 compared to the three months ended March 31, 2017 was partially due to a decrease in interest expense relating to the capitalization of borrowing costs in the fourth fiscal quarter of 2017. The decrease in interest expense was partially offset by an unrealized foreign exchange loss relating to US cash held that was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter. A fair value gain on the gold options during the current quarter compared with a fair value loss in the previous quarter also contributed to the decrease in net loss.

The increase in net loss for the three months ended March 31, 2017 compared to the three months ended December 31, 2016 was largely due to an increase in finance costs related to the Sprott Facility. Long term debt interest expense and related financing costs increased as the average amount of debt outstanding during the current quarter was higher compared to the quarter ended December 31, 2016. Finance costs also increased as the Company recorded a fair value loss on the gold call options during the current quarter as the spot price of gold increased compared to December 31, 2016. Comparatively, the loss in the quarter ended December 31, 2016 was offset due a fair value gain related to the gold call options.

The decrease in net loss for the three months ended December 31, 2016 compared to the three months ended September 30, 2016 was due to an increase in finance income and lower severance expenses which were offset by a reduced deferred tax recovery. Finance income increased due to a fair value gain on gold call options and was offset by an increase in long term debt interest expense. A one time deferred tax recovery of $514,429 was recorded during the quarter ended September 30, 2016 which related to a convertible debenture issuance of $7,225,000 which did not occur in the quarter ended December 31, 2016. There were no severance expenses recorded during the quarter ended December 31, 2016.

The variation in net loss for the three months ended September 30, 2016 compared to the three months ended June 30, 2016 reflected a non-cash unrealized foreign exchange loss that was included in the net loss for the three months ended June 30, 2016 but not for the three months ended September 30, 2016. In addition, a deferred tax recovery of $514,429, relating to the issuance of convertible debentures, was realized during the quarter ended September 30, 2016 which did not occur in the quarter ended June 30, 2016.

The decrease in net loss for the three months ended June 30, 2016 compared to the three months ended March 31, 2016 reflected an increase in general and administration during the three months ended June 30, 2016 which was offset by a larger foreign exchange loss during the three months ended March 31, 2016. Increased general and administrative costs during the quarter ended June 30, 2016 related to the expensing of supporting site costs for the Moss Mine while larger foreign exchange losses during the quarter ended March 31, 2016 were the result of the weakening of the US dollar against the Canadian dollar to a larger extent than when compared to the quarter ended June 30, 2016.

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

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

5. Results of Operations

For the six months ended December 31, 2017, the Company incurred a loss of $3,348,500, compared to loss of $1,813,967 for the six months ended December 31, 2016. The factors contributing to the loss as compared to the previous comparable period's net loss are discussed below.

Administrative expenses

For the six months ended December 31, 2017, the Company incurred total administrative expenses of $1,512,229 (2016: $2,294,172), which included non-cash share-based payment expense of $228,780 (2016: $549,776); salaries, wages and severance of $263,990 (2016: $740,178); professional fees of $257,119 (2016: $552,261); and marketing and travel expenses of $488,538 (2016: $248,076).

The following significant variances are noted between the six months ended December 31, 2017 and the comparable period ended December 31, 2016. The decrease in salaries, wages and severance was primarily related to severance payments to former employees who departed the Company during the six months ended December 31, 2016 but not the current period. A decrease in professional fees was largely the result of financing due diligence relating to an abandoned financing in the previous comparative period but not in the current period. Marketing and travel increased due to an increased presence at industry conferences and increased marketing related to the construction of the Moss Mine. The decrease in share-based payment expense was due to the issuance of 2,895,000 stock options during the six months ended December 31, 2016 compared to 750,000 stock options issued during the six months ended December 31, 2017.

Other Income (Expenses) and Deferred Income Taxes

For the six months ended December 31, 2017, the Company recorded foreign exchange loss of $1,534,009 (2016: gain of $3,731), finance costs of $302,262 (2016: $43,503) and a deferred income tax recovery of $nil (2016: $519,977).

The foreign exchange loss for the current period was primarily due to an increase in US cash held, compared to the previous period, due to financings and was attributable to the weakening of the US dollar against the Canadian dollar during the six months ended December 31, 2017.

Finance costs consist of interest expense net of capitalized borrowing costs, fair value loss (gain) on gold call options and are offset by interest income. Finance costs increased compared to the previous year due to a fair value loss on gold call options of $206,061 in the current period compared with a fair value gain of $469,994 in the previous period.

Deferred income tax recoveries decreased in the current year as a one time deferred income tax recovery of $519,977 was recorded in the previous year and related to the issuance convertible debentures.

6. Second Quarter

For the three months ended December 31, 2017, the Company incurred a loss of $802,365, compared to net loss of $887,779 for the three months ended December 31, 2016. The factors contributing to the loss as compared to the previous comparable quarter are discussed below.

Administrative Expenses

For the three months ended December 31, 2017, the Company incurred total administrative expenses of $796,548 (2016: $1,007,463), which included non-cash share-based payment expense of $163,613 (2016: $242,775); salaries, and wages expenses of $118,845 (2016: $167,273); professional fees of $125,724 (2016: $357,448); and marketing and travel expenses of $259,698 (2016: $126,255).

The following significant variances are noted between current and prior period quarters. A significant decrease in professional fees was largely the result of financing due diligence relating to an abandoned financing in the previous comparative period but not in the current period. Marketing and travel increased due to an increased presence at industry conferences and increased marketing related to the construction of the Moss Mine. The decrease in share-based payment expense was due to the issuance of 250,000 stock options during the three months ended December 31, 2016, compared with no stock options issued during the current quarter.

Other Income (Expenses) and Deferred Income Taxes

For the three months ended December 31, 2017, the Company recorded foreign exchange gains of $178,086 (2016: $2,133), finance costs of $183,903 (2016: income of $112,003) and a deferred income tax recovery of $nil (2016: $5,548).

The increase in foreign exchange gain resulted from the mild strengthening of the US dollar against the Canadian dollar and was attributable to an increase US cash held compared to the previous quarter.

Finance costs consist of interest expense net of capitalized borrowing costs, fair value loss (gain) on gold call options and are offset by interest income. Finance costs increased compared to the previous year due to a fair value loss on gold call options of $174,298 in the current quarter compared with a fair value gain of $469,994 in the previous quarter.

Cash flows

Cash provided by financing activities during the three months ended December 31, 2017 was $8,845,376 (2016: $7,328,361) and primarily consisted of cash received from long term debt of $6,580,810 and from finance lease of $3,538,324. Cash received from financing facilities was offset by cash payments for non-current deposits, interest and repayments of long term debt and finance lease.

Cash used in investing activities during the three months ended December 31, 2017 totalled $18,648,703 (2016: $1,388,156) and during the current quarter consisted of expenditures for mining interests and property, plant and equipment and related to equipment purchases, detailed engineering, permitting and construction of the Moss Mine.

7. Liquidity and Capital Resources

During the six months ended December 31, 2017, the Company completed or arranged the following financings.

Senior Secured Credit Facility

The Company drew the third and fourth tranches of US$5,000,000 each from its Sprott Facility for a total of US$20,000,000. The Company amended the terms of the Sprott Facility to extend the availability period of the Sprott

Facility allowing the Company to draw the fourth tranche. Concurrently with the Sprott Facility amendment, the exercise price of the gold call options issued in connection with the Sprott Facility was repriced from US$1,350 per ounce to US$1,275 per ounce.

Equipment Finance Lease Facility

During the six months ended December 31, 2017, the Company executed a definitive MLA for up to US$9,000,000 of equipment purchases. As at December 31, 2017, the Company has purchased US$8,672,357 in equipment under the MLA. Fees paid in connection with the MLA were $280,800 (US$225,000) and commitment fees of 0.5% of the unused portion of the MLA are due quarterly.

The significant terms and conditions of the MLA include: a maximum of US$9,000,000 available to fund equipment purchases with 20% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four year lease period, interest rate of 3-month USD LIBOR plus interest rates ranging from 5.00% to 6.25% and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company.

Non-Brokered Private Placements

During the six months ended December 31, 2017, the Company completed the final tranche of a US$20,000,000 non-brokered private placement with Greenstone, issuing 23,849,230 units at a price of $0.52 per unit for gross proceeds of $12,401,600 (US$9,213,670). Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of $0.91 for a period of two years from the date of issuance of the warrant and at a price of $1.04 for the remainder of the term of the warrant. No finders' fees or commissions were payable in connection with the financing.

The Company also closed a non-brokered private placement raising gross proceeds of $3,031,860, of which $2,381,600 was received during the year ended June 30, 2017. Pursuant to the private placement, the Company issued an aggregate of 5,830,500 units at a purchase price of $0.52 per unit. Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of $0.91 for a period of two years from the date of issuance of the warrant and at a price of $1.04 for the remainder of the term of the warrant. Cash finders' fees of 6% on a portion of the gross proceeds raised under the private placement, totaling $147,513 were paid to certain finders at arm's length to the Company.

The Company intends to use the net proceeds of the private placements for the continued development and construction of its Moss Mine and for general working capital and general corporate purposes.

Working Capital Facility

The Company entered into a definitive agreement with Greenstone in respect of an unsecured subordinated non-revolving Working Capital Facility in the aggregate principal amount of US$6,000,000. Drawing on the Working Capital Facility is subject to the satisfaction of a number of standard conditions precedent. On January 16, 2018, the Company drew an initial advance of US$3,000,000 which was evidenced by way of a convertible debenture. Subsequently, the Company provided notice of its intention to draw the remaining balance of US$3,000,000. The terms of the Working Capital Facility include:

- maturity date of January 31, 2020 at which time the principal amount is to be repaid in full, subject to Greenstone having not elected to convert the principal amount outstanding;
- interest rate of 12% per annum, payable quarterly in arrears in cash;
- convertible at Greenstone's option, at any time prior to the maturity date;
- conversion price of the initial advance is the lower of: (i) $0.70; and (ii) and if the Company has announced a potential merger, amalgamation, arrangement, acquisition or other type of business transaction that results in a change of control, or an M&A Transaction (including the issuance by the Company of more than 20% of its stock), as the case may be, the 20 day VWAP prior to such announcement, subject to the conversion price on the initial

advance not being less than $0.51. The conversion price of debentures issued under any subsequent advance will be as above, but will be subject to the minimum market price determined on the date preceding the date of issuance of any such subsequent debentures;

- cash fees of 3% of the amount of each advance (payable on each advance) and 3% of the aggregate amount outstanding on the 12-month anniversary of the initial advance; and

- proceeds from the initial advance of US$3,000,000 will be used by the Company primarily for commissioning of its Moss Mine project in Arizona, along with exploration and for general corporate and working capital requirements.

Liquidity and Capital Resources

As at December 31, 2017, the Company had cash of $22,198,333 (June 30, 2017: $24,985,035). The decrease in cash compared to the year ended June 30, 2017 was primarily due to cash used for equipment purchases, detailed engineering, permitting and development of the Moss Mine, offset by the receipt of cash proceeds from the various financings.

Cash provided by financing activities during the six months ended December 31, 2017 was $33,287,348 (2016: $13,872,386) and primarily consisted of cash received from long term debt, non-brokered private placements and the finance lease facility, offset by payments for interest, non-current deposits, and repayment of long term debt and finance lease facility.

Cash used in investing activities during the six months ended December 31, 2017 totalled $33,541,186 (2016: $2,258,073) and primarily consisted of cash used for expenditures for mining interests and property, plant and equipment and related to equipment purchases, detailed engineering, permitting and the construction of the Moss Mine.

During the six months ended December 31, 2017, working capital decreased by $20,917,473 to a deficit of $95,701. The decrease in working capital was attributable to an increase in payables, due to the construction of the Moss Mine, and an increase in the current portion of long-term debt and finance lease.

The Company's ongoing liquidity needs will be funded from current cash, remaining availability of current debt facilities and further financings, if needed, to meet its short-term growth objectives, including the completion of construction and commissioning of the Moss Mine.

8. Subsequent Events

In addition to subsequent events disclosed elsewhere in this MD&A, subsequent to December 31, 2017:

- the Company drew an initial advance of US$3,000,000 under the Working Capital Facility which was evidenced by way of a convertible debenture and, in addition, provided notice of its intention to draw the remaining balance of US$3,000,000. The significant terms of the Working Capital Facility are disclosed in the *Liquidity and Capital Resources* section of this MD&A.

- The Company issued 300,000 shares from the conversion of $150,000 convertible debentures related to the July 14, 2016 private placement.

9. Contractual Obligations

Office space lease agreements

The Company has entered into lease agreements for office space with terms that expire between fiscal 2017 and 2019, as disclosed in Note 17 to the condensed interim consolidated financial statements.

Other commitments

The Company has contractual commitments to acquire property, plant, and equipment as disclosed in Note 5 to the condensed interim consolidated financial statements.

The Company is committed to making finder's fee payments regarding royalty payments on future commercial production as disclosed in Note 6 to the condensed interim consolidated financial statements.

10. Off-Balance Sheet Arrangements

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

11. Related Party Transactions

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

Balances due to related parties are as follows:

		December 31, 2017		June 30, 2017
Shared office expenses receivable	**$**	**5,975**	$	1,373
Consulting fees payable	**$**	**22,500**	$	17,863

Related party transactions are as follows:

			Three Months Ended December 31,				Six Months Ended December 31,		
	Note		**2017**		2016		**2017**		2016
Consulting fees	(i)	**$**	**81,750**	$	112,500	**$**	**160,000**	$	180,000
Shared office (recovery) expenses	(ii)	**$**	**(4,862)**	$	931	**$**	**(11,634)**	$	2,079

(i) Consulting fees charged by companies controlled by certain directors of the Company are included in professional fees, salaries and wages, and mining interest expenditures.

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

Commitments with related parties

The Company has entered into a corporate services agreement with a related company for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is $10,000 and renews annually.

12. Key management personnel compensation

The remuneration of the Company's directors and other key management personnel for the three and six months ended December 31, 2017 and 2016 is as follows:

			Three Months Ended December 31,				Six Months Ended December 31,		
	Note		**2017**		2016		**2017**		2016
Salaries and short-term benefits	(i)	**$**	**295,749**	$	219,059	**$**	**534,326**	$	493,142
Termination benefits		**$**	**-**	$	-	**$**	**-**	$	400,000
Share-based payments	(ii)	**$**	**123,818**	$	162,643	**$**	**163,040**	$	315,948

(i) Salaries and short-term benefits are included in salaries and wages, management fees, construction in progress expenditures, and mining interests expenditures.

(ii) Share-based payments are the fair value of options granted to directors and other key management personnel.

13. 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.

14. Proposed Transactions

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

15. Adoption of New Accounting Standards

There were no new accounting standards adopted during the six months ended December 31, 2017.

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

Pronouncements that may have a significant impact to the Company have been included in the Company's Consolidated Financial Statements for the years ended June 30, 2017 and 2016.

17. Corporate Governance

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

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

18. Outstanding Share Data

The total number of outstanding common shares, stock options, and warrants as of the date of this MD&A are 175,088,806, 5,405,000 and 44,371,269 respectively.

19. Financial Instruments and Financial Risk Management

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

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

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

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. The Company has classified Gold Call Options in Level 2.

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 22,198,333	$ -	$ -	$ 22,198,333
Accounts receivable	104,202	-	-	104,202
	22,302,535	-	-	22,302,535
Financial Liabilities				
Trade and other payables	(10,980,433)	-	-	(10,980,433)
Current portion of long term debt	(9,826,649)	-	-	(9,826,649)
Current portion of finance lease	(1,830,394)	-	-	(1,830,394)
Gold Call Options	-	(729,119)	-	(729,119)
	$ (334,941)	$ (729,119)	$ -	$ (1,064,060)

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Accounts receivables at December 31, 2017 related primarily to amounts for a refund and value-added taxes are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

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

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

(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 development stage and has not yet developed commercial mineral interests; the underlying market prices realized by the Company for mineral sales are impacted by changes in the exchange rate between the Canadian and the US dollar. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency. Canadian dollars are exchanged when needed to meet foreign denominated liabilities.

At December 31, 2017, $17,238,393 (US$13,741,246) of the Company's cash was denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately $1,196,659 on consolidated the statements of loss.

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows. Fluctuations in gold prices affect the fair market value of the Gold Call Options as the fair value is based on the market price of gold at the end of each period. A 10% fluctuation in the price of gold would result in an impact of approximately US$589,158 on the consolidated statements of loss.

(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, which are held at variable market rates. The Company is also exposed to interest rate risk on its outstanding borrowings. The Company pays interest monthly for its senior secured credit facility, at an annual interest rate of 12-month USD LIBOR plus 8% and pays interest quarterly for its finance lease, at an annual rate of 3-month USD LIBOR plus interest rates ranging from 5% to 6.25%. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by $341,258 (US$272,027). The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

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. Apart from financings, the Company currently has no additional sources of cash. The Company continues to evaluate financing alternatives to advance the Moss Mine.

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

Need for Additional Funds

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

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

Exploration and Development

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

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

Metal Prices

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

Title Risks

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

Environmental Regulations, Permits and Licenses

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

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

Competition and Agreements with Other Parties

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

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

Economic Conditions

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

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 consolidated financial statements and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include but are not limited to statements regarding the Company's future exploration and development plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a party, the ability of the Company to hire and retain employees and consultants and estimated administrative and other expenditures. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

23. Approval

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

24. Additional Information

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