Consolidated Financial Statements of

NORTHERN VERTEX CAPITAL INC.

For the years ended June 30, 2011 and 2010

To the Shareholders of Northern Vertex Capital Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee is composed primarily of Directors who are neither management nor employees of Northern Vertex Capital Inc. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Northern Vertex Capital Inc's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

October 28, 2011

"Kenneth Berry"	*"Raj Kang"*
Chief Executive Officer	Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Northern Vertex Capital Inc.:

We have audited the consolidated financial statements of Northern Vertex Capital Inc., which comprise the consolidated balance sheets as at June 30, 2011 and 2010, and the consolidated statements of operations, comprehensive loss and deficit, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Northern Vertex Capital Inc. as at June 30, 2011 and 2010 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to these consolidated financial statements, which states that Northern Vertex Capital Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters as described in Note 2, indicate the existence of a material uncertainty which may cast doubt about the ability of Northern Vertex Capital Inc. to continue as a going concern.

MNP LLP

MNP LLP

Vancouver, BC
October 28, 2011

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NORTHERN VERTEX CAPITAL INC.

Consolidated Balance Sheets

	June 30 2011	June 30 2010
	$	$
ASSETS		
Current		
Cash and cash equivalents	**1,029,668**	886,184
Accounts receivable and advances	**9,700**	-
Prepaid expenses	**27,693**	7,650
HST receivable	**72,990**	5,611
	1,140,051	899,445
Equipment (Note 4)	**651**	-
Reclamation deposits	**6,867**	-
Mineral Properties (Note 5)	**2,401,215**	20,478
	3,548,784	919,923
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**313,267**	25,330
Investor Deposits	**100,000**	-
	413,267	25,330
Future Income Tax (Note 7)	**-**	15,693
	413,267	41,023
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**2,415,115**	608,716
Contributed surplus (Note 6)	**1,513,871**	380,202
Deficit	**(793,469)**	(110,018)
	3,135,517	878,900
	3,548,784	919,923

Going Concern (Note 2), Subsequent events (Note 14)

Approved on Behalf of the Board:

"Kenneth Berry"
Director

"Mark Schnarr"
Director

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

NORTHERN VERTEX CAPITAL INC.
Consolidated Statements of Loss, Comprehensive Loss and Deficit

	For the year ended June 30 2011	For the year ended June 30 2010
	$	$
Administrative Expenses		
Professional services (Note 6b)	**349,663**	29,141
Transfer agent and filing fees	**28,937**	23,873
Management fees (Note 6b, 9)	**174,800**	500
Foreign exchange loss	**8,453**	-
Amortization expense (Note 4)	**25**	-
Property fees	**46,462**	-
Office and miscellaneous (Note 6b, 9)	**90,804**	22,295
Loss before income taxes	**699,144**	75,809
Future income tax recovery	**(15,693)**	(68,097)
Loss and Comprehensive loss for the year	**683,451**	7,712
Deficit, Beginning of Period	**110,018**	102,306
Deficit, End of Period	**793,469**	110,018
Basic and Diluted Earnings (Loss) per Share	**(0.034)**	(0.001)
Weighted Average Number of Shares Outstanding	**19,830,956**	8,588,630

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

NORTHERN VERTEX CAPITAL INC.
Consolidated Statements of Cash Flows

	For the year ended June 30 2011	For the year ended June 30 2010
	$	$
Cash Flows from Operating Activities		
Loss for the period	**(683,451)**	(7,712)
Items not affecting cash:		
Amortization	**25**	-
Income tax recovery	**(15,693)**	(68,097)
Stock based compensation	**348,007**	-
	(351,112)	(75,809)
Change in non-cash working capital items:		
Amounts receivable and advances	**(77,079)**	(3,920)
Prepaid expenses	**(20,043)**	(7,650)
Accounts payable and accrued liabilities	**287,937**	12,673
	(160,297)	(74,706)
Cash Flows from Financing Activities		
Issuance of share capital, net of issuance costs	**2,502,061**	562,347
Investor deposits	**100,000**	-
	2,602,061	562,347
Cash Flows from Investing Activities		
Investment in reclamation bond	**(6,867)**	-
Investment in equipment	**(676)**	-
Investment in mineral properties	**(2,290,737)**	(15,478)
	(2,298,280)	(15,478)
Increase in cash and cash equivalents during the period	**143,484**	472,163
Cash and cash equivalents, beginning	**886,184**	414,021
Cash and cash Equivalents, ending	**1,029,668**	886,184
Cash and Cash Equivalents consist of:		
Cash	**1,029,668**	886,184

Supplemental Disclosure of Non-Cash Activities (Note 8)

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

1. Nature of Operations:

Northern Vertex Capital Inc. (the “Company”) is a resident Canadian exploration stage company incorporated under the Business Corporations Act (British Columbia).

The Company's principal business is to acquire and explore mineral properties principally located in the United States and Canada with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

2. Going Concern:

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. To the extent the Company is unable to cover its ongoing cash requirements through operations, the Company expects to raise additional financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected.

During the year ended June 30, 2011, the Company completed a private placement for $2,200,100 (Note 5a).

In the event that cash flow from operations, if any, together with the proceeds from any future financings are insufficient to meet the Company’s current operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company’s best interest. This may result in a substantial reduction of the scope of existing and planned operations.

These consolidated financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

	June 30 2011	June 30 2010
Deficit	**$ (793,469)**	$ (110,018)
Working capital	**726,784**	874,115

3. Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The significant accounting policies adopted by the Company are as follows:

3. Significant Accounting Policies (continued):

Use of estimates

The preparation of these consolidated financial statements and the accompanying notes require management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures. Although these estimates are based on management's best knowledge of the current events and actions the Company may undertake in the future, actual results may differ from these estimates.

Stock-based compensation and the fair value of warrants issued pursuant to private placements are based upon expected volatility and option life estimates. The provision for income taxes is based on judgments in applying income tax law and estimates on the timing, likelihood and reversal of temporary differences between the accounting and tax basis of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Golden Vertex Corp. (a company incorporated in the US). All significant inter-company transactions have been eliminated upon consolidation.

Foreign currency translation

The Company's foreign subsidiary is considered an integrated foreign operation and is translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange at the balance sheet date and non-monetary assets and liabilities, and revenues and expenses are translated at historical rates. Exchange gains and losses arising on translation are included in the consolidated statements of loss.

Cash and Cash Equivalents

The Company considers cash on hand, funds in bank accounts and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Income Taxes

Income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Future tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per Share

Basic loss per share has been calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise or conversion of stock options, warrants, and convertible securities using the treasury stock method, if dilutive. Diluted loss per common share does not differ from basic loss per share because the effects on loss per common share are not dilutive.

3. Significant Accounting Policies (continued):

Share Capital
The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company, net of issuance costs. Share capital issued to third parties for non-monetary consideration is recorded at an amount based on fair market value.

Stock-Based Compensation
When stock options are granted by the Company to its officers, directors, employees and consultants, an expense is recognized over the vesting period based on the estimated fair value of the options on the date of grant as determined using an option pricing model. The expense is charged to stock-based compensation and the offset is credited to contributed surplus. Cash received on exercise of incentive stock options is credited to the issued and outstanding capital stock of the Company.

Mineral Property Interest
All costs related to the acquisition, exploration and development of mineral property interests, net of recoveries, are capitalized on a property-by-property basis. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, sold or the Company's mineral rights are allowed to lapse. All capitalized costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company’s assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value. From time to time, the Company may acquire or dispose of a mineral property interest, pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

Equipment
Equipment is recorded at cost less accumulated amortization. Amortization is recognized using the declining balance method at the following annual rates:

Computer equipment	20%

For the year of acquisition, the rate is one-half of the above. The Company reviews the carrying values of its property and equipment for impairment on a regular basis or whenever events or circumstances indicate that the carrying amount may not be recoverable. If the carrying value exceeds the amount recoverable, a write-down to their fair value is charged to the consolidated statement of operations.

Flow-through Shares
Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The proceeds from shares issued under flow-through share financing agreements are credited to capital stock. The tax impact to the Company of the renouncement is recorded on the date that the renunciation is filed with taxation authorities, through a decrease in capital stock and the recognition of a future tax liability. A portion of the future income tax assets that were not previously recognized are recognized as a recovery of future income taxes in the statements of operations up to the amount of the future income tax liability.

3. Significant Accounting Policies (continued):

Impairment of long-lived assets

The Company monitors the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company reviews factors such as current market value, future asset utilization and business climate and compares the carrying value of the assets to the future undiscounted cash flows expected to result from the use of the related assets. If such cash flows are less than the carrying value, the impairment charge to be recognized equal to the excess. Management believes there has been no impairment of the company's long-lived assets as at June 30, 2011.

Asset retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Financial Instruments

Fair Values

Unless otherwise noted, cash and cash equivalents, accounts receivable and advances, investor deposits, and accounts payable and accrued liabilities, are stated at amounts that approximate their fair value. The fair values of these instruments approximate their carrying value due to the short term nature of these financial instruments.

Financial instruments – Recognition and Measurement – Section 3855

The Company classifies financial assets as either held-for-trading, or loans and receivables. Financial assets and financial liabilities other than those held for trading, are measured at amortized cost using the effective interest method. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the statement of operations. Transaction costs on financial assets and liabilities classified other than as held-for-trading are treated as part of the investment cost.

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:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has classified its financial assets and liabilities as follows:

<u>Held-for-trading</u>	<u>Cash and cash equivalents</u>
Loans and Receivables	Accounts receivable, and advances
Other Financial Liabilities	Accounts payable and accrued liabilities
	Investor deposits

3. Significant Accounting Policies (continued):

Comprehensive income – Section 1530
Other comprehensive income represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments, and changes in the fair market value of derivative instruments designated as cash flow hedges. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity. The Company did not have any transactions during the period ended June 30, 2011 that gave rise to other comprehensive income, and therefore has no balance of accumulated other comprehensive income.

Risk management
Because the financial instruments are not subject to significant credit, foreign exchange or interest rate risk, the Company has not adopted risk management policies.

Recent accounting pronouncements issued by the CICA, which have not been adopted by the Company.

Transition to International Financial Reporting Standards
In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with International Financial Reporting Standards over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. Accordingly, The Company will adopt the new standards for its fiscal year beginning July 1, 2011. The Company will issue its first IFRS annual consolidated financial statements for the fiscal year ending June 30, 2012, with restatement of comparative balance sheets as at June 30, 2011 and July 1, 2010 and statement of operations for the year ended June 30, 2011. During the year ending June 30, 2012, the Company will issue interim consolidated IFRS financial statements prepared in accordance with IAS 34 – Interim Financial Reporting for the periods ending September 30, 2011, December 31, 2011 and March 31, 2012, with restatement of comparative balance sheets as at June 30, 2011 and July 1, 2010 and statements of operations for the comparative periods presented. The process of changing from Canadian GAAP to IFRS will be a significant undertaking that may materially affect the reported financial position and results of the Company. The Company is currently in the process of a full evaluation of the adoption of IFRS and its impact on its financial statements

4. Equipment:

	Cost	Accumulated Amortization	2011 Net
Computer	$ 676	$ 25	$ 651

During the fiscal year ended June 30, 2011, the Company recorded amortization of $25 (2010: $Nil) to earnings.

5. Mineral Properties:

		For the year ended June 30, 2011		Activity		For the year ended June 30, 2010
Deer Creek Project						
Property acquisition costs	$	**11,505**	$	-	$	11,505
Assays, surveys and analysis		**12,296**		12,113		183
Drafting		**9,208**		5,000		4,208
Drilling		**109,057**		109,057		-
Mapping		**5,630**		2,185		3,445
Property maintenance		**7,214**		7,214		-
Prospecting		**2,637**		1,500		1,137
Rock Sampling		**1,000**		1,000		-
Deer Creek Total		**158,547**		138,069		20,478
Copley Gold Project						
Property acquisition costs		**90,000**		90,000		-
Assays, surveys and analysis		**36,877**		36,877		-
Drafting		**6,000**		6,000		-
Mapping		**10,000**		10,000		-
Drilling		**137,892**		137,892		-
Infrastructure		**2,898**		2,898		-
Prospecting		**3,271**		3,271		
Copley Gold Total		**286,938**		286,938		-
Moss Gold Project						
Property acquisition costs		**486,450**		486,450		-
Assays, surveys and analysis		**172,315**		172,315		-
Drafting		**629**		629		-
Drilling		**787,144**		787,144		-
Geological consulting services		**242,769**		242,769		-
Field expenses		**20,291**		20,291		-
Geological mapping		**22,134**		22,134		-
Prospecting		**17,956**		17,956		-
Geotechnical		**53,823**		53,823		-
Technical reports		**6,582**		6,582		-
Feasibility studies		**7,233**		7,233		-
Scoping studies		**30,814**		30,814		-
Surveying		**1,430**		1,430		
Maintenance		**106,160**		106,160		-
Moss Gold Total		**1,955,730**		1,955,730		-
Cumulative Mineral Properties Total		**2,401,215**		2,380,737		20,478

5. Mineral Properties (continued):

The Company entered into an option agreement with Kootenay Gold Inc. (the “Grantor”) on January 8, 2010, whereby the Company was granted the right to earn a 60% interest in the Deer Creek Gold project (“Deer Creek”) located in the West Kootenay region of southern British Columbia. In order to maintain the earn-in option, the Company must spend $1,000,000 on exploration over a period of five years and issue up to 400,000 common shares to the Grantor, which includes the 100,000 commons shares issuable upon receipt of Exchange approval and the balance over a 3-year period. An additional 250,000 common shares are issuable to the Grantor upon the Deer Creek project being brought into commercial production.

The Company received final approval from the Exchange on May 4, 2010 and issued 100,000 common shares with a fair market value of $5,000 pursuant to this agreement.

On November 10, 2010, the Company entered into an option agreement with Kootenay Gold Inc. (the “Grantor”), whereby the Company was granted the right to earn a 60% interest in the Copley Gold project (“Copley”) located in the Nechako Plateau of Central British Columbia. In order to exercise its option, the Company must issue 800,000 common shares to the Grantor with 200,000 issuable upon Exchange approval and the remaining shares issued in equal amounts on the anniversary for the following four years. An aggregate of $2,200,000 in exploration expenditure must be expensed by the Company on Copley within a four year period commencing upon regulatory approval.

On January 18, 2011, the Company received final approval from the Exchange. Pursuant to this agreement, the Company issued 200,000 common shares on February 1, 2011 with a fair market value of $90,000.

The Company entered into a letter agreement with Patriot Gold Corp. (“Patriot”) on March 9, 2011, whereby the Company was granted the right to earn a 70% interest in the Moss Gold – Silver project (“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.

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 instalments 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.

6. Share Capital and Contributed Surplus:

a) Share Capital
Authorized
Unlimited common share without par value
Issued and Fully Paid

	Number of Shares		Share Capital		Contributed Surplus
Balance, June 30, 2009	6,650,000	$	486,259	$	19,102
Issued during the year ended June 30, 2010:					
Private placements, for cash (net of issue costs of $12,653*)*	11,500,000		201,247		361,100
Future income tax effect on renunciation of flow-through expenditures	-		(83,790)		-
Acquisition of mineral properties	100,000		5,000		-
Balance, June 30, 2010	18,250,000	$	608,716	$	380,202
Issued during the year ended June 30, 2011:					
Stock based compensation	-		-		348,007
Acquisition of mineral properties	200,000		90,000		-
Private placements, for cash (net of issue costs of $133,439)	3,143,000		1,141,047		925,614
Exercise of warrants	4,300,000		565,020		(135,020)
Exercise of stock options	12,000		10,332		(4,932)
Balance, June 30, 2011	25,905,000	$	2,415,115		$ 1,513,871

On June 29, 2007, the Company entered into an escrow agreement with Computershare Investor Services Inc. and the holders of 2,200,000 common shares. These shares will be released pro rata to the shareholders as to 10% on the date the Company completes the Qualifying Transaction (as that term is defined in TSX Venture Exchange Policy 2.4); and 15% on each six-month period thereafter. The release of escrow shares is also subject to the approval of the TSX Venture Exchange (the “Exchange”).

Private placements completed during the year and comparable years were as follows:

On April 5, 2011, the Company issued 3,143,000 units at $0.70 per unit for total gross proceeds of $2,200,100. Each unit of consists of one common share and one-half share purchase warrant. One whole warrant is exercisable into an additional common share for $1.15 per share expiring April 4, 2013. The Company paid certain finders a finder’s fee of $119,700 and share issuance costs of $13,739.

On April 30, 2010, the Company completed a non-brokered private placement of 6,000,000 flow through units (“FT Units”) at a price of $0.05 per FT Unit and 5,500,000 non-flow through units (NFT Units”) at a price of $0.05 per NFT unit to raise aggregate proceeds of up to $575,000. Each FT Unit shall consist of one flow through common share of the Company and one share purchase warrant (a “Warrant”). Each NFT Unit will consist of one non-flow through common share and one Warrant. Each warrant entitles the holder to acquire an additional non-flow through common share of the Company at an exercise price of $0.10 for a period of five years from the date of April 30, 2015.

6. Share Capital and Contributed Surplus (continued):

b) Stock-based compensation

During the year ended June 30, 2011, the Company granted an aggregate total of 1,440,000 stock options with a weighted average fair value of $0.65 per option to its directors, officers and consultants. Included in professional, management fees, and office and miscellaneous, is the recognition of stock-based compensation expense totalling $348,007 for the year ended June 30, 2011.

Stock options have been granted as follows:

	June 30, 2011		June 30, 2010	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
		$		$
Outstanding, beginning	**500,000**	**0.10**	676,000	0.10
Granted	**1,440,000**	**0.65**	-	-
Exercised	**(12,000)**	**0.45**	-	-
Expired	-	**-**	(176,000)	0.10
Outstanding, ending	**1,928,000**	**0.51**	500,000	0.10

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

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

The Company recognizes stock-based compensation expense when stock options are granted to employees, officers, directors and consultants based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

The following weighted average assumptions were used for the Black – Scholes valuation of stock options granted during the year ended June 30, 2011:

	2011
Risk – free interest rate	2.05 - 2.40%
Fair value per option granted	$0.411 - $1.035
Expected life of options	5 years
Dividend rate	0.00%
Annualized volatility	143.85% - 150.55%

6. Share Capital and Contributed Surplus (continued):

The Company has adopted an incentive stock option plan under the rules of the TSX Venture Exchange ("TSXV") pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option is equal to the market price of the Company's shares on the date of grant. The options can be granted for a maximum term of 5 years and generally vest 25% in specified increments. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSXV, shares issued on exercise of options are restricted from trading during the four month period subsequent to the date of grant.

c) Warrants

Stock purchase warrant transactions are summarized in the following table:

	June 30, 2011		June 30, 2010	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
		$		$
Outstanding, beginning	**11,500,000**	**0.10**	-	-
Granted	**1,571,500**	**1.15**	11,500,000	0.10
Exercised	**(4,300,000)**	**0.10**	-	-
Outstanding, ending	**8,771,500**	**0.29**	11,500,000	0.10

As at June 30, 2011, the Company had outstanding share purchase warrants, enabling holders to acquire common shares of the Company as follows:

Number of Shares	Exercise Price	Expiry Date
7,200,000	0.10	April 30, 2015
1,571,500	1.15	April 4, 2013
8,771,500		

The fair value of warrants is estimated using the Black-Scholes option-pricing model. Warrants are included in contributed surplus until exercised, at which time they are transferred into share capital.

The following weighted average assumptions were used for the Black – Scholes valuation of warrants granted during the years ended June 30, 2011 and June 30, 2010:

	2011	2010
Risk –free interest rate	**1.81%**	2.60%
Fair value per option granted	**$0.589**	$0.0314
Expected life of warrants	**2 years**	5 years
Dividend rate	**0.00%**	0.00%
Annualized volatility	**142.91%**	95.28%

7. Income Taxes:

A reconciliation of current income taxes at statutory rates with the reported taxes as at June 30, 2011 and 2010 is as follows:

		2011		2010
Loss before income taxes	**$**	**(699,144)**	$	(75,809)
Statutory rates		**27.50%**		28.5%
Expected income tax recovery at statutory rates		**(192,265)**		(21,606)
Effect of reduction in tax rates		**5,208**		2,279
Tax benefit from share issuance costs not recognized		**(36,695)**		(3,187)
Stock based compensation not deductible for tax purposes		**95,702**		-
Permanent Differences		**1,931**		-
Increase (decrease) in valuation allowance		**110,426**		(45,583)
Future income tax recovery	**$**	**(15,693)**	$	(68,097)

		2011		2010
Canada				
Future income tax assets:				
Non-capital losses carried forward	**$**	**132,913**	$	58,068
Tax value of share issuance costs in excess of book value		**31,488**		10,029
Tax value of mineral properties in excess of book value		**(73,500)**		(83,790)
Future income tax assets (liabilities)		**90,901**		(15,693)
Less: Valuation allowance		**(90,901)**		-
Future income tax assets (liabilities) - Canada	**$**	**-**	$	(15,693)
US				
Future income tax assets:				
Non-capital losses carried forward	**$**	**19,524**	$	-
Future income tax assets (liabilities)		**19,524**		-
Less: Valuation allowance		**(19,524)**		-
Future income tax assets (liabilities) - US	**$**	**-**	$	-
Total Future income tax assets (liabilities)	**$**	**-**	$	(15,693)

7. Income Taxes (continued):

Estimated taxable income for the period is $nil. Based upon the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets. The estimated taxable temporary difference valuation allowance will be adjusted in the period it is determined that it is more likely than not that some portion or all of the future tax assets will be realized.

As at June 30, 2011, the Company has Canadian non-capital losses of approximately $531,653 (2010: $203,747) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

2027	2,105
2028	60,113
2029	49,735
2030	91,794
2031	327,906
Total	531,653

The Company's US subsidiary carried net operating losses for US income tax purposes of $57,424 (2010- $nil), which may be carried forward to apply against future income tax in US, expiring in the year of 2031.

8. Supplemental Disclosure of Non-Cash Activities:

The following transactions incurred during the period did not include cash:

	2011	2010
Issuance of share capital for acquisition of mineral property interests	**90,000**	5,000

9. Related Party Transactions:

Except as disclosed elsewhere in these consolidated financial statements, related party transactions are as follows:

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

	June 30 2011	June 30 2010
	$	$
Administrative fees charged by a company with officers in common	**20,000**	-
Management fees charged by companies controlled by officers	**51,500**	-
Exploration costs charged by a company with officers in common	**338,788**	-
Operating expenses charged by a company with officers in common	**8,421**	-
Office rent fees charged by a company with officers in common	**-**	9,600

As at June 30, 2011, $4,800 (2010: $4,800) was included in prepaid expenses and $29,800 (2010: $11,375) was due to a company with an officer in common and is included in accounts payable and accrued liabilities. $4,200 (2010: $nil) was included in accounts receivable and advances, which was due from an officer of the Company.

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 the 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: $20,748) and $286,938 (2010: $Nil) relating to the exploration advancements of the Deer Park and Copley Gold projects respectively, as described in Note 5. Included in investor deposits is $100,000 (2010: $Nil) for warrants exercised by a private company that is indirectly related to a director of the Company.

10. Commitments:

During the year, the company entered into a contract for office rent which expires May 2012. The following table summarizes the company's total annual obligations under this agreement as at June 30, 2011:

2012	31,350
	$ 31,350

11. Financial Instruments and Financial Risk Management:

The carrying values of cash and cash equivalents, accounts receivables and advances, accounts payable and accrued liabilities, and investor deposits 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.

In 2009, CICA Section 3862, *Financial Instruments - Disclosures*, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Cash and cash equivalents are valued using quoted market prices and have been included in Level 1 of the fair value hierarchy.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Investments are included within Level 2 of the fair value hierarchy as they are valued based on indirect market quoted prices provided by market makers.

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at June 30, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 1,029,668	$	$ -	$ 1,029,668

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 these 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.

11. Financial Instruments and Financial Risk Management (continued):

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable relates to receivables from Goods and Services Tax input tax credits. Accordingly, the Company views credit risk on accounts receivable as minimal, being the refund of tax credits in Canada.

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(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 prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. To facilitate its expenditure program, the Company raises funds through private equity placements. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at June 30, 2011, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of $313,267 (2010 - $25,330), and investor deposits of $100,000 (2010 - $nil) which have a maturity of less than one year.

(c) Market risk:

Market risk consists of 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 value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is considered to be in the exploration stage and has not yet developed commercial mineral interests; the underlying market prices in Canada for minerals are impacted by changes in the exchange rate between the Canadian and the United States dollar.

At June 30, 2011, $171,692 of the Company's cash and cash equivalents were denominated in U.S. dollars. A 10% variation in the U.S. dollar would result in an impact of approximately $16,556 on net income.

(ii) Commodity price risk:

Commodity price risk is the risk that the fair value or future cash flows 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 United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

11. Financial Instruments and Financial Risk Management (continued):

(iii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash and cash equivalents is limited because of their short-term investment nature. A variable rate of interest is earned on cash and cash equivalents, changes in market interest rates at the year-end would not have a material impact on the Company's financial statements.

12. Capital Management:

The Company includes shareholders' equity and cash and its equivalents in the definition of capital, which totalled $3,444,783 (2010 – $1,494,900). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any debt obligation other than trade accounts payable. The availability of capital is solely through the issuance of the Company's common shares. There are no assurances that funds will be made available to the Company when required. The Company makes every effort to safeguard its capital and minimize the dilution to its shareholders. The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended June 30, 2011.

13. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration and future development of mineral properties.

The Company's mineral properties and deferred costs by geographic location are as follows:

	June 30 2011	June 30 2010
	$	$
Canada	**445,485**	20,478
USA	**1,955,730**	-
	2,401,215	20,478

14. Subsequent Event:

On September 21, 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 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.