NORTHERN VERTEX

MINING CORP

Management's Discussion and Analysis
for the Three and Six Months Ended December 31, 2016

TABLE OF CONTENTS

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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, 2017 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, 2016. This MD&A provides information on the operations of the Company for the three and six months ended December 31, 2016 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, 2016, 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") in Mohave County, Arizona. The Company is a development stage mining company focused on advancing the Moss Mine to near term production with detailed engineering and permitting currently under way. 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 2017 Operating and Financial Highlights

- Golder Associates Inc. ("Golder") of Tucson, Arizona, was appointed as the heap leach pad Detailed Design and Construction Quality Assurance Engineer for the Company's Moss Mine Project. Golder will work closely with M3 Engineering & Technology Corp. ("M3"), also of Tucson, Arizona who was appointed in August 2016 the Engineering, Procurement and Construction Manager for the Moss Mine Project. Golder is responsible for the detailed design and construction quality assurance of the heap leach pad while M3 is responsible for the procurement of the necessary materials, equipment and supplies and will manage its construction. Both M3 and Golder will be working closely with Dr. David Stone, the Company's construction Project Manager.

- An update was provided of the ongoing property wide exploration program on the Moss Mine gold-silver property. The Company has identified four high priority targets that will be the focus of a proposed, upcoming multi-phase drill program on Moss. As a result of the identification of the high priority targets the Company entered into a drill contract with BDW International to conduct a 3,000 meter drilling program on its Moss Mine Gold-Silver property located in Mohave County, Arizona.

- The Company signed a senior secured credit facility ("the Facility") with Sprott Private Resource Lending (Collector), LP ("Sprott"), pursuant to which Sprott may advance up to US$20,000,000 to fund development and construction of the Company's Moss Mine Project. The Facility is available to be drawn in up to four tranches, and the first tranche of US$5,000,000 was advanced to the Company. As a result of the signing of the Sprott facility, the Company terminated the engagement letter and credit approved term sheet with Macquarie Bank announced on July 7, 2016.

- The final tranche of a non-brokered private placement of unsecured convertible debentures was closed, raising an additional $127,000, bringing gross proceeds raised by the financing to $7,352,000.

- The Company provided an update on the 3,000-meter drill campaign, which is the first phase of a multi-phase drill and resource expansion program designed to further expand the Company's existing gold-silver resources. The current drilling is testing the Western Extension target on the Moss patented claims, where extensive silicification and quartz veining has been mapped along the western projection of the Moss vein system.

- On December 5, 2016 the Company closed a non-brokered private placement issuing an aggregate of 3,386,250 units at a purchase price of $0.40 per unit, for an aggregate of gross proceeds to the Company of $1,354,500. Each unit consists of one common share of the Company and one half transferable share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.65 expiring on December 3, 2018.

- N.A. Degerstrom, Inc. ("NAD") of Spokane, WA was awarded the contract to complete the site civil works for the Moss Mine Project. The contract scope includes all site earthworks and grading related to site roads, remediation of historic mine openings, laydown and storage areas, power station, the security/parking area and areas required for anticipated future crusher and ancillary installations. NAD initiated their mobilization during December 2016.

- The Company placed a purchase order with Goodfellow Crushers of Boulder City, NV for the design, fabrication and delivery of a three-stage crushing plant. The plant will consist of a primary jaw crusher, a secondary cone crusher, and two tertiary cone crushers.

3. Operations

Moss Mine Project

The Company owns 100% of the Moss Mine project. The Moss Mine Project area 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 a historical headframe associated with limited historical underground mine workings that exploited the Moss Vein. The target mineralization is contained within a central area of 15 patented lode claims over 102.8 hectares.

The key strategic priorities for the Company are to fully finance the construction of the mine, complete construction of the Moss Mine Project and obtain all necessary permits which are required to advance the Moss Mine project towards commercial production.

Project Engineering and Procurement

With the appointment of M3 as the EPCM contractor, detailed engineering began during the quarter. The engineering focus has been on the crusher and leach pads, site roads and facilities layout while procurement has started on long lead items which includes the crushers, agglomerator and certain equipment for the Merrill Crowe circuit.

Golder continued on-site geotechnical, geophysical and groundwater field studies which included drilling additional wells, sampling, down-hole geophysics and pump tests. Subsequent to quarter end, tests continued at an accelerated pace providing data to enable optimization of plant design and operating parameters. Drilling and testing operations were completed on February 9, 2017.

Project Permitting

The Company has submitted an application to the Arizona Department of Environmental Quality ("ADEQ") to obtain an Air Quality Permit. The ADEQ issued a draft of the Air Quality Permit which was released for public review and comments. A public hearing was conducted by the ADEQ on December 15, 2016 at the Bullhead City Council chambers. Only one member of the public commented at the meeting, of which, was in support of granting the permit.

An application to amend the Company's Aquifer Protection Permit has been submitted to the ADEQ, Water Quality Division, and has been deemed administratively and technically complete. Subsequent to quarter end, the bonding limits were set and the bond was submitted and accepted by the ADEQ. The permit is currently under internal review by the ADEQ.

The Company also submitted an application to the Arizona Office of the State Mine Inspector to amend their Mined Land Reclamation Plan to cover the Phase II construction and operations. The amendment was approved on November 22, 2016. Bonding for Phase II has been submitted and accepted by the office of the State Mine Inspector on January 22, 2017.

Construction and Civil Earthworks

During December 2016, NAD started the site civil works. As of the date of this MD&A the Moss Mine entrance/parking area is currently 90% complete and requires final site grading. The power station pad is 80% complete also requires final site grading. The historic mine openings of old shafts, stopes, adits, tailings and associated hazards have been reclaimed, making safe the area of the laydown yard where development is now 70% complete. The proposed future crusher pad area is well underway, and NAD have also begun pioneering the east access road over to the proposed Merrill Crowe area.

Project Finance

During the six months ended December 31, 2016, the Company closed two tranches of unsecured convertible debenture financings for gross proceeds of $7,352,000 and a senior secured credit facility with Sprott for up to US$20,000,000 to fund development and construction of the Company's Moss Mine Project. The Sprott facility is available to be drawn in up to four tranches and the first tranche of US$5,000,000 was advanced to the Company.

The senior credit facility with Sprott provides for a security carve-out of up to US$8,500,000 in equipment financing, and the Company is currently negotiating with certain equipment lenders for such finance. There is no guarantee that the remaining tranches of the Sprott facility will be advanced and the equipment finance facility will be completed on described terms or at all.

Further details regarding the convertible debenture financing and senior secured credit facility is included in the *Liquidity and Capital Resources* section of this MD&A.

Exploration

The Company identified four high priority targets on the Company's properties in the area of the Moss Mine, which are the focus of a multi-phase drill program. These include the West Oatman stockwork vein target, the high-grade Old Timer East and West targets and the Western Extension of the Moss. The Company is conducting an exploration plan on the identified targets which includes a 3,000 meter drill campaign which commenced in December 2016. The exploration will be carried out concurrently with the Company's ongoing Moss Mine construction and development program. This is the first phase of a multi-phase drill and resource expansion program designed to further expand the Company's existing gold-silver resources.

The Company recently completed three drill holes on the Western Extension of the Moss deposit, where extensive silicification and quartz veining has been mapped along the western projection of the Moss vein system. Drilling is currently being conducted on the West Oatman target and has completed an additional six holes. Assays from recent drilling will be announced in a future release once received and compiled.

Mineralized intersections in Drill holes WW-16 and WW-17, which comprised nine inch diameter holes drilled as water wells, but using a reverse circulation drill, intercepted gold and silver mineralization 130 feet below the established Moss Mine gold-silver open-pit resource. The intercept in WW-16 calculates as 1.178 g/t gold plus 24.152 g/t silver (1.58 g/t gold equivalent) over 115 ft. (645-760 ft.), which converts to a true width of 39.3 ft. (12.0 meters) at 70 degree dip of the Moss vein. The mineralization was in the hanging wall slightly above the main Moss vein. For further details see the Company's news release dated January 30, 2017.

The reverse circulation water well hole 16 that intercepted the Moss gold-silver structure at depth is a significant development that demonstrates the Moss gold-silver mineralization extends below depths previously recognized. The multi-phase core drilling program is intended to demonstrate the potential for discovery of new zones of gold and silver, which would assist the Company in meeting its goal of increasing its gold-silver resources and potential future production without incurring significant incremental costs.

4. Summary of Quarterly Results

	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	Three Months Ended June 30, 2016	Three Months Ended March 31, 2016	Three Months Ended December 31, 2015	Three Months Ended September 30, 2015	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015
Revenue[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net income (loss)	(887,779)[2]	(926,188)[3]	(2,593,404)[4]	(3,770,409)[5]	461,594[6]	2,153,027[7]	(1,173,507)[8]	2,846,919
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.03)	(0.04)	0.01	0.03	(0.02)	0.04

[1] As the Company is in the development phase and not in commercial production there are no sales.

[2] Included a fair value gain on gold call options issued in connection with the Facility and a reduced deferred income tax recovery which resulted in a decreased net loss for the quarter.

[3] Included was a deferred income tax recovery of $514,429 related to the first tranche of convertible debentures issuance which reduced the net loss for the quarter.

[4] 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.

[5] 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.

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

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

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

The 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 income 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, both of which, related to the addition of the Facility during the quarter. A one time deferred income tax recovery of $514,429 was recorded during the previous quarter 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 current quarter.

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 income tax recovery of $514,429, relating to the issuance of convertible debentures, was realized during the current quarter 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.

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

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

The variation in net loss for the three months ended June 30, 2015 to the net income for the three months ended March 31, 2015 reflected the continued care and maintenance operations at the Moss Mine. The Company also recorded an unrealized foreign exchange loss of $535,432 in the three months ended June 30, 2015 due to the weakening of the US dollar against the Canadian dollar. This was compared to a foreign exchange gain in the three months ended March 31, 2015 of $3,273,509.

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, 2016, the Company incurred a net loss of $1,813,967, compared to net income of $2,614,621 for the six months ended December 31, 2015. The factors contributing to the loss as compared to the previous comparable quarter's net income are discussed below.

Administrative expenses

For the six months ended December 31, 2016, the Company incurred total administrative expenses of $2,294,172 (2015: $1,961,936), which included a non-cash share-based payment expense of $549,776 (2015: $84,118); salaries, wages and severance of $740,178 (2015: $380,485); professional fees of $552,261 (2015: $1,164,493); and marketing and community relations expenses of $163,817 (2015: $18,128).

The following significant variances are noted between the six months ended December 31, 2016 and the comparable period ended December 31, 2015. The increase in salaries, wages and severance was primarily due to severance payments to former employees who departed the Company during the first quarter ended September 30, 2016. Professional fees decreased as a result of legal and consulting services required for the arbitration with Patriot Gold which were incurred during the six months ended December 31, 2015 for which the arbitrator's decision was received in January 2016. Marketing and community relations expenses increased due to increased site activities and financings related to the development of the Moss Mine. Share-based payment expense increased due to the issuance of 2,895,000 stock options during the six months December 31, 2016 compared with no stock options issued during the six months ended December 31, 2015.

Other Income (Expenses) and Deferred Income Taxes

For the six months ended December 31, 2016, the Company recorded foreign exchange gains of $3,731 (2015: $4,559,528), finance costs of $43,503 (2015: $17,029) and a deferred income tax recovery of $519,977 (2015: $Nil).

The decrease in foreign exchange gains resulted from a change in the Company's assessment of repayment of loans receivable from its subsidiaries and, as the loans will not be repaid in the foreseeable future, all foreign exchange gains relating to loans receivable from subsidiaries were included in comprehensive loss for the period. Finance costs increased due to an increase in long term debt interest relating to the issuance of convertible debentures and the addition of the Facility during the current fiscal year which was offset by a fair value gain on gold call options issued in connection with the Facility. Deferred income tax recoveries decreased as a one time deferred income tax recovery was recorded in the current period which related to a convertible debenture issuance of $7,352,000 which did not occur in the previous year.

6. Second Quarter

For the three months ended December 31, 2016, the Company incurred a net loss of $887,779, compared to net income of $461,594 for the three months ended December 31, 2015. The factors contributing to the loss as compared to the previous comparable quarter's net income are discussed below.

Administrative Expenses

For the three months ended December 31, 2016, the Company incurred total administrative expenses of $1,007,463 (2015: $1,292,721), which included a non-cash share-based payment expense of $242,775 (2015: $30,855); salaries, and wages expenses of $167,273 (2015: $197,102); professional fees of $357,448 (2015: $900,512); and marketing and community relations expenses of $96,504 (2015: $7,015).

The following significant variances are noted between current and prior period quarters. A decrease in salaries and wages expenses was primarily due to staff level decreases. A significant decrease in professional fees was largely the result of legal and consulting services required for the arbitration with Patriot Gold which were incurred during the three months ended December 31, 2015 for which the arbitrator's decision was received in January 2016. Marketing and community relations increased during the three months ended December 31, 2016 due to increased efforts related to investors relations. The increase in share-based payment expenses was due to the issuance of 2,895,000 stock options during the current year, of which all tranches were vesting during the current quarter, compared with no stock options issued during the previous comparable quarter.

Other Income (Expenses) and Deferred Income Taxes

For the three months ended December 31, 2016, the Company recorded foreign exchange gains of $2,133 (2015: $1,746,381), finance income of $112,003 (2015: $7,934) and a deferred income tax recovery of $5,548 (2015: $nil).

The decrease in foreign exchange gains resulted from a change in the Company's assessment of repayment of loans receivable from its subsidiaries and, as the loans will not be repaid in the foreseeable future, all foreign exchange gains relating to loans receivable from subsidiaries were included in comprehensive loss for the period. Finance income increased due to a fair value gain on gold call options issued in connection with the Facility and was offset by an increase in long term debt interest relating to the issuance of convertible debentures and the addition of the Facility during the current fiscal year.

Cash flows

Cash provided by financing activities during the three months ended December 31, 2016 was $7,328,361 (2015: $nil) and consisted of cash received from long term debt of $6,024,079 and from a non-brokered private placement of $1,304,282, net of issuance costs.

Cash used in investing activities during the three months ended December 31, 2016 totalled $1,388,156 (2015: $208,490) and during the current quarter consisted of expenditures for mining interests and property, plant and equipment and related to the detailed engineering, permitting and development of the Moss Mine Project.

7. Liquidity and Capital Resources

During the six months ended December 31, 2016, the Company completed the following financings.

Unsecured Convertible Debentures

On July 14, 2016 and November 2, 2016 the Company completed tranches of a private placement of $7,225,000 and $127,000, respectively, of unsecured convertible debentures for total proceeds of $7,352,000. The proceeds from the debenture issuance will be used for the advancement of the Company's Moss Mine Project and general working capital purposes.

Each debenture has an issue price of $100, matures on May 31, 2021, bears interest at 5% per annum, payable on May 31 and November 30 of each year while outstanding, which interest, subject to regulatory approval, may at the option of the Company be settled in common shares. The debentures are convertible into common shares of the Company at the price of $0.50 per share. Aggregate finders' fees of $430,500 were paid in cash and 516,600 finders' warrants were issued to parties at arm's length. Each finders' warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.50 until July 14, 2019.

Each Debenture is convertible into common shares at the option of the holder at any time prior to the date fixed for redemption or maturity (as the case may be), at the conversion price, which is equivalent to 2,000 common shares for each $1,000 principal amount of Debentures, subject to adjustment in certain circumstances. Debentures must be converted in minimum amounts of $1,000.

The Company may redeem the debentures in cash on or after July 14, 2018, in whole or in part from time to time, upon required prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice must be less than the conversion price.

Additionally, the Company has the option, to repay the principal amount of the debentures in common shares, provided certain circumstances are met including but not limited to: no default has occurred and is continuing at such time, and the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date (as the case may be) is at least 150% of the Conversion Price.

Senior Secured Credit Facility

On November 7, 2016 the Company announced it had signed a senior secured credit facility with Sprott, pursuant to which Sprott may advance up to US$20,000,000 to fund development and construction of the Company's Moss Mine Project. The facility is available to be drawn in up to four tranches, and the first tranche of US$5,000,000 was advanced to the Company. There is no guarantee the Company will satisfy any or all of the conditions of further drawdowns under the facility or the equipment finance facility as described below.

The senior secured credit facility contains various terms and conditions, including:

- Further tranches: an aggregate of up to US$15,000,000 in up to three additional tranches, subject to the satisfaction of certain conditions precedent, including the receipt of all key permits.
- Maturity date: November 4, 2019.
- Prepayment: at any time without penalty, subject to a minimum of six months interest having been paid on prepaid amounts.
- Annual interest Rate: 12-month USD LIBOR plus 8%, to be paid monthly.
- Costs and fees: structuring fee of US$300,000, which was deducted from the initial draw; the Company has issued 1,498,202 common shares to Sprott for value of US$375,000.
- Gold options: the Company has issued to Sprott gold call options to purchase up to 6,000 ounces of gold at a strike price of US$1,350, for a period of five years, which may be settled by a cash payment based on the difference between the strike price and the prevailing market price of gold at the time of settlement.
- Anniversary fee: on each anniversary date of the facility, the Company will pay Sprott an amount equal to 3% of the principal amount of the facility outstanding, which, at the option of Sprott, may be paid in cash or the Company's shares.
- Covenants: the facility contains covenants for the Company, including restrictions on incurring further debt and the requirement to meet certain working capital requirements.
- Security: includes a first charge over assets held by the Company.
- Security carve-out for equipment finance facility: the security package for the facility provides for a carve-out of up to US$8,500,000 in equipment financing.

Non-Brokered Private Placement

In December 31, 2016, the Company completed a non-brokered private placement for total gross proceeds of $1,354,500 by issuing an aggregate of 3,386,250 units at a purchase price of $0.40 per unit. Each unit consists of one common share of the Company and one half transferable share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.65 expiring on December 3, 2018. Cash finders' fees to arm's length parties of 6%, totaling $61,600 was paid on a portion of the private placement.

The Company intends to use the net proceeds of the Private Placement to conduct a multi-phase drill program on several prospective gold-silver targets identified from its ongoing property wide exploration program on its Moss Mine Gold Silver property located in Mohave County, Arizona, U.S.A. and for general working capital purposes.

Liquidity and Capital Resources

As at December 31, 2016, the Company had cash of $10,666,685 (June 30, 2016: $1,297,416). The increase in cash compared to the year ended June 30, 2016 was due to the receipt of cash proceeds from the various financings.

Cash provided by financing activities during the six months ended December 31, 2016 was $13,872,386 (2015: $1,442,549) and during the current period primarily consisted of cash received from long term debt of $12,709,771 and from a non-brokered private placement of $1,312,282, net of issuance costs.

Cash used in investing activities during the six months ended December 31, 2016 totalled $2,258,073 (2015: $768,291) and during the current period consisted of expenditures for mining interests and property, plant and equipment and related to the detailed engineering, permitting and development of the Moss Mine Project.

A significant portion of the Company's cash as of December 31, 2016 was denominated in Canadian dollars. However, the Company does maintain cash balances denominated in US dollars and in conducting operations the Company made payments as appropriate in both Canadian and US dollars. Accordingly, the Company is subject to foreign currency rate fluctuations between the US and Canadian dollar.

During the six months ended December 31, 2016, working capital increased by $8,843,445 to $9,504,612. The working capital increase was primarily attributable to proceeds received from the closing of a convertible debenture financing, a non-brokered private placement, and a senior secured credit facility.

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

8. Subsequent Event

Subsequent to December 31, 2016, the Company announced a warrant exercise incentive program designed to encourage the early exercise of up to 29,010,924 of its outstanding unlisted warrants (the "Warrants"). Pursuant to the program, the Company is offering an inducement to each warrant holder that exercises their Warrants during a 30 calendar day early exercise period, consisting of an additional one-half of one transferable share purchase warrant, with each whole warrant (the "Incentive Warrant") entitling the holder to purchase one additional common share for a period of 48 months from the date of issuance of such Incentive Warrant at a price of $1.00 per common share.

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 16 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.

Related party transactions are as follows:

		Three Months Ended December 31		Six Months Ended December 31	
	Note	**2016**	2015	**2016**	2015
Consulting fees	(i)	**$ 112,500**	$ 90,890	**$ 180,000**	$ 154,032
Shared office expenses	(ii)	**$ 931**	$ 16,716	**$ 2,079**	$ 3,182

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

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

Related party balances are as follows:

	December 31, 2016	December 31, 2015
Consulting fees payable	**$ 52,500**	$ 5,000
Shared office expenses receivable	**$ 6,872**	$ 9,820

Commitments with related parties

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

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, 2016 and 2015 is as follows:

		Three Months Ended December 31		Six Months Ended December 31	
	Note	**2016**	2015	**2016**	2015
Salaries and short-term benefits	(i)	**$ 219,059**	$ 123,041	**$ 493,142**	$ 246,082
Share-based payments	(ii)	**$ 162,643**	$ 7,671	**$ 315,948**	$ 20,631

(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, 2016.

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 Condensed Interim Consolidated Financial Statements for the years ended June 30, 2016 and 2015.

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 five 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 at February 28, 2017 are 100,719,873, 8,605,000 and 31,220,649 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.

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 10,666,685	$ -	$ -	$ 10,666,685
Trade and other receivables	93,428	-	-	93,428
	10,760,113	-	-	10,760,113
Financial Liabilities				
Gold Call Options	-	(382,444)	-	(382,444)
	$ 10,760,113	$ (382,444)	$ -	$ 10,377,669

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

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

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at December 31, 2016 related primarily to amounts for a refund and Goods and Services Tax input credits and are expected to be collectible in full due to the nature of the counterparties and a previous history of collectability.

(b) Liquidity risk

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

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

As at December 31, 2016, the Company's financial liabilities were comprised of trade and other payables of $1,661,783 (June 30, 2016: $694,259), which have a maturity of less than one year.

(c) Market risk

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

(i) Currency risk

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

At December 31, 2016, $3,443,382 of the Company's cash were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately $462,343 on net loss.

(ii) Commodity price risk

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

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which are held at variable market rates, and is 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%. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by US$50,000. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk. At December 31, 2016, the weighted-average interest rate on cash was 0.78%. With other variables unchanged, a 1% increase in the annualized interest rate would reduce the annual net loss by $106,520.

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.

There can be no assurance that financings currently being pursued 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.