



NORTHERN VERTEX
MINING CORP

Consolidated Financial Statements

For the Years Ended June 30, 2019 and 2018

(Expressed in United States Dollars)

To the Shareholders of Northern Vertex Mining Corp.:

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 International Financial Reporting Standards ("IFRS"). 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 Mining Corp. ("Northern Vertex"). The Board is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial statements. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss 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's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements in accordance with Canadian Generally Accepted Auditing Standards and provide an independent auditor's opinion. Their report is presented with the consolidated financial statements. 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.

"Kenneth Berry"

Kenneth Berry
Chief Executive Officer

"Christopher Park"

Christopher Park
Chief Financial Officer

October 25, 2019

Independent Auditor's Report

To the Shareholders of Northern Vertex Mining Corp.:

Opinion

We have audited the consolidated financial statements of Northern Vertex Mining Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2019, June 30, 2018, and July 1, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended June 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2019, June 30, 2018 and July 1, 2017 and its consolidated financial performance and its consolidated cash flows for the years ended June 30, 2019 and 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss of \$14,062 during the year ended June 30, 2019 and, as of that date, had an accumulated deficit of \$35,035. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented for the year ended June 30, 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph J. Chirkoff.

Vancouver, British Columbia
October 25, 2019


Chartered Professional Accountants


MNP^{LLP}

NORTHERN VERTEX MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

			<i>Restated (Note 3)</i>	
	Note	June 30 2019	June 30 2018*	July 1 2017*
ASSETS				
Current assets				
Cash		\$ 3,444	\$ 5,720	\$ 19,254
Trade and other receivables	5	25	26	64
Inventory	6	20,640	7,707	-
Prepaid expenses and deposits		624	508	141
Total current assets		24,733	13,961	19,459
Non-current assets				
Restricted cash		868	1,766	906
Plant and equipment	7	43,786	54,270	13,138
Mineral properties	7	29,370	22,902	21,858
Total assets		\$ 98,757	\$ 92,899	\$ 55,361
LIABILITIES				
Current liabilities				
Trade and other payables	8	\$ 7,453	\$ 7,227	\$ 2,857
Current portion of debt	9	8,989	13,427	556
Current portion of lease obligation	10	1,551	1,686	-
Current portion of silver stream obligation	11	4,450	-	-
Gold call options	12	1,349	-	-
Total current liabilities		23,792	22,340	3,413
Non-current liabilities				
Debt	9	4,205	14,527	12,011
Lease obligation	10	3,326	4,909	-
Silver stream obligation	11	16,219	-	-
Gold call options	12	-	505	419
Provision for reclamation	13	2,198	1,766	1,602
Derivative liabilities	14	4,565	-	-
Total liabilities		54,305	44,047	17,445
SHAREHOLDERS' EQUITY				
Share capital	15	55,746	46,893	35,400
Subscriptions received in advance	15	-	-	2,078
Equity reserves	15	23,741	23,015	17,842
Deficit		(35,035)	(21,056)	(17,404)
Total shareholders' equity		44,452	48,852	37,916
Total liabilities and shareholders' equity		\$ 98,757	\$ 92,899	\$ 55,361

*Restated due to the Company's change in presentation currency to USD (Note 3)

Nature of operations and going concern	1
Commitments	26
Subsequent Events	28

Approved and authorized on behalf of the Board (Note 2):

"Kenneth Berry"
Director

"David Farrell"
Director

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

NORTHERN VERTEX MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

	Note	2019	2018*
			<i>(Restated – Note 3)</i>
Revenue	16	\$ 24,935	\$ -
Cost of sales			
Production costs	17	(19,669)	-
Depletion and depreciation	7	(5,906)	-
Royalties		(1,585)	-
		(27,160)	-
Loss from mine operations		(2,225)	-
Corporate administrative expenses	18	(3,054)	(2,379)
Operating loss		(5,279)	(2,379)
Finance costs	19	(8,682)	(102)
Foreign exchange loss		(18)	(1,144)
Other		-	(27)
Net loss for the year		(13,979)	(3,652)
Foreign currency translation		(83)	615
Loss and comprehensive loss for the year		\$ (14,062)	\$ (3,037)
Basic and diluted loss per share		\$ (0.07)	\$ (0.02)
Weighted average number of shares outstanding		213,350,612	173,443,326

*Restated due to the Company's change in presentation currency to USD (Note 3)

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

NORTHERN VERTEX MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

	Notes	Number of Shares	Share Capital	Subscriptions Received in Advance	Equity Reserves				Total Equity Reserves	Deficit	Total Equity
					Share Option Reserve	Warrant Reserve	Equity Component of Convertible Debentures	Other Comprehensive Income (Loss)			
Balance, June 30, 2017* <i>(Restated - Note 3)</i>		141,279,215	\$ 35,400	\$ 2,078	\$ 5,454	\$ 17,548	\$ 1,115	\$ (6,275)	\$ 17,842	\$ (17,404)	\$ 37,916
Shares issued for:											
Private placements	15	34,302,806	9,584	-	-	4,446	-	-	4,446	-	14,030
Convertible debt interest payment	9	739,507	287	-	-	-	-	-	-	-	287
Long term debt fees		1,267,024	494	-	-	-	-	-	-	-	494
Mineral property acquisition		200,000	74	-	-	-	-	-	-	-	74
Subscriptions received in advance		-	-	(2,078)	-	-	-	-	-	-	(2,078)
Conversion of convertible debentures	9	802,000	288	-	-	-	(63)	-	(63)	-	225
Exercise of warrants		943,000	412	-	-	(66)	-	-	(66)	-	346
Exercise of stock options		775,000	354	-	(111)	-	-	-	(111)	-	243
Share-based payments	15	-	-	-	352	-	-	-	352	-	352
Foreign currency translation		-	-	-	-	-	-	615	615	-	615
Net loss		-	-	-	-	-	-	-	-	(3,652)	(3,652)
Balance, June 30, 2018		180,308,552	\$ 46,893	\$ -	\$ 5,695	\$ 21,928	\$ 1,052	\$ (5,660)	\$ 23,015	\$ (21,056)	\$ 48,852
Shares issued for:											
Private placements	15	59,220,740	7,501	-	-	-	-	-	-	-	7,501
Convertible debt interest payment	9	1,605,686	246	-	-	-	-	-	-	-	246
Long term debt fees		4,116,759	933	-	-	-	-	-	-	-	933
Conversion of convertible debentures	9	500,000	173	-	-	-	(39)	-	(39)	-	134
Share-based payments	15	-	-	-	848	-	-	-	848	-	848
Foreign currency translation		-	-	-	-	-	-	(83)	(83)	-	(83)
Net loss		-	-	-	-	-	-	-	-	(13,979)	(13,979)
Balance, June 30, 2019		245,751,737	\$ 55,746	\$ -	\$ 6,543	\$ 21,928	\$ 1,013	\$ (5,743)	\$ 23,741	\$ (35,035)	\$ 44,452

*Restated due to the Company's change in presentation currency to USD (Note 3)

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

NORTHERN VERTEX MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

	Note	2019	2018
			<i>(Restated – Note 3)</i>
Cash flows from operating activities			
Net loss for the year		\$ (13,979)	\$ (3,652)
Items not affecting cash:			
Share-based compensation	15	848	352
Depletion and depreciation		5,915	13
Fair value loss on gold call options	12	844	86
Fair value change on derivative liabilities	14	1,485	-
Interest expense, including accretion and issue costs		6,988	266
Drawdown of silver stream obligation		(1,114)	-
Unrealized foreign exchange loss		114	2,096
Changes in non-cash working capital:			
Trade and other receivables		1	(11)
Inventory	17	(7,891)	-
Prepaid expenses and deposits		176	(380)
Trade and other payables		947	(64)
Cash used in operating activities		(5,666)	(1,294)
Cash flows from financing activities			
Proceeds of debt, net		4,804	16,037
Proceeds of lease obligation, net		-	8,584
Proceeds from silver stream obligation, net		19,615	-
Repayment of debt		(20,982)	(1,182)
Repayment of lease obligation		(1,274)	(2,123)
Issuance of share capital, net		10,421	12,534
Interest paid		(2,558)	(2,213)
Non-current deposits		-	(864)
Cash provided by financing activities		10,026	30,773
Cash flows from investing activities			
Mineral property expenditures		(3,665)	(484)
Restricted cash		30	(3)
Plant and equipment expenditures		(3,009)	(41,738)
Cash used in investing activities		(6,644)	(42,225)
Effect of foreign exchange on cash		8	(788)
Decrease in cash during the year		(2,276)	(13,534)
Cash, beginning of the year		5,720	19,254
Cash, end of the year		\$ 3,444	\$ 5,720

*Restated due to the Company's change in presentation currency to USD (Note 3)

Supplemental disclosure of non-cash activities 21

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

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

1 Nature of operations and going concern

Nature of operations

Northern Vertex Mining Corp. (the "Company") is incorporated under the laws of the province of British Columbia, Canada and its principal business activity is the exploration, development and production of precious metals. The address of the Company's registered office is Suite 1650 – 1075 West Georgia Street, Vancouver, British Columbia, Canada.

The Company's primary project is the Moss Gold-Silver deposit (the "Moss Mine") located in Mohave County, Arizona which transitioned to commercial production on September 1, 2018.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

The Company has experienced operating losses and negative operating cash flows since inception and has no assurances that sufficient financing will be available to continue in operation for the foreseeable future. Ongoing operations of the Moss Mine are dependent on the Company's ability to generate sufficient cash flow from production.

To continue operations at the Moss Mine, the Company may require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect any adjustments, which may 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.

As at June 30, 2019 and June 30, 2018 the Company had the following working capital and deficit balances:

	June 30, 2019		June 30, 2018
Working capital (deficit)	\$ 941	\$	(8,379)
Deficit	\$ (35,035)	\$	(21,056)

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

2 Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and Interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on October 25, 2019.

3 Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all of the years presented in these consolidated financial statements, unless otherwise indicated.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. These consolidated financial statements include the accounts of two wholly-owned subsidiaries, Golden Vertex Corp. ("GVC") and Golden Vertex (Idaho) Corp. ("GVIC"), both incorporated in the United States. GVIC is an inactive subsidiary with less than \$10 in net assets. All inter-company balances, and gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

Foreign currency translation

Functional currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's revenue and the mine operating costs are denominated and settled in United States dollars ("USD"). In addition, the Company has recently completed financing activities with significant funds denominated in USD. As a result of these changes in underlying transactions, events and circumstances, the functional currency of the Canadian parent entity was reassessed. The functional currency of the Company has effectively changed from the Canadian dollar ("CAD" or "C\$") to the USD on October 1, 2018. The change in functional currency was accounted for on a prospective basis, including derivative liabilities arising from warrants issued (Note 14), with no impact of this change on prior period comparative information.

Presentation currency

On October 1, 2018, the Company elected to change its presentation currency from CAD to USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mining industry. The Company applied the change to USD presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

From October 1, 2018, the USD presentation currency is consistent with the functional currency of the Company. For periods prior to October 1, 2018, the consolidated statements of financial position for each period presented have been translated from a CAD functional currency to a new USD presentation currency at the rate of exchange prevailing at the respective financial position date with the exception of equity items which have been translated at accumulated historical rates from the Company's date of incorporation in 2007. The statements of loss and comprehensive loss were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising on translation from a CAD functional currency to a USD presentation currency have been recognized in other comprehensive loss and accumulated as a separate component of equity.

The following is a reconciliation of the Company's consolidated statement of financial position as at June 30, 2018 and consolidated statements of loss, cash flows comprehensive loss and cash flows for the year then ended reflecting the impact of these adjustments:

	For the Year Ended June 30, 2018		
	As Previously Reported in CAD	CAD to USD Adjustment	As Restated in USD
Consolidated Statement of Financial Position			
Current assets	\$ 18,383	\$ (4,422)	\$ 13,961
Plant and equipment	71,463	(17,193)	54,270
Mineral Properties	30,156	(7,254)	22,902
Other assets	2,325	(559)	1,766
Total assets	\$ 122,327	\$ (29,428)	\$ 92,899
Current liabilities	\$ 29,415	(7,705)	\$ 22,340
Non-current liabilities	28,584	(6,877)	21,707
Total liabilities	57,999	(13,952)	44,047
Equity	88,522	(18,614)	69,908
Deficit	(24,194)	3,138	(21,056)
Total shareholders' equity	64,328	(15,776)	48,852
Total liabilities and shareholders' equity	\$ 122,327	(29,428)	\$ 92,899
Consolidated Statements of Loss and Comprehensive Loss			
Corporate administrative expenses	\$ (3,022)	643	\$ (2,379)
Other expenses	(1,794)	521	(1,273)
Net loss for the year	(4,816)	1,164	(3,652)
Foreign currency translation	2,440	(1,825)	615
Loss and comprehensive loss for the year	\$ (2,476)	(561)	\$ (3,037)
Basic and diluted loss per share	\$ (0.03)	0.01	\$ (0.02)
Consolidated Statement of Cash Flows			
Cash flows from operating activities	\$ (1,596)	302	\$ (1,294)
Cash flows from financing activities	39,082	(8,309)	30,773
Cash flows from investing activities	(53,626)	11,401	(42,225)

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement which impacts when the Company recognizes revenue, operating costs and depreciation and depletion. In making this determination, management considers specific facts and circumstances. These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time. The Company determined commercial production was achieved for the Moss Mine on September 1, 2018.

Exploration and evaluation assets

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest until a technical feasibility study has been completed and the commercial viability of extracting a mineral resource is demonstrable. Exploration and evaluation activities include the following:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Exploration and evaluation assets are transferred to development or producing mining interests when technical feasibility and commercial viability of the mineral resource have been demonstrated. Factors taken into consideration include:

- the extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- life of mine plan and economic modeling support the economic extraction of such reserves and resources;
- no legal encumbrances exist which would cast significant doubt on the commercial viability of the mineral reserves; and
- operating and environmental permits exist or are reasonably assured as obtainable.

Exploration and evaluation expenditures do not qualify as development or producing mining interests until the above criteria are met.

Mining interests

Exploration, development and field support costs directly related to mining interests are deferred until the property to which they directly relate is placed into production, sold, abandoned or subject to a condition of impairment. The deferred costs are amortized over the useful life of the mine following commencement of production or impaired if the property is abandoned.

Stripping costs

Capitalization of stripping costs requires the Company to make judgments and estimates in determining the amounts to be capitalized. In open pit mining it may be required to incur costs to remove overburden and other mine waste materials in order to access the ore body ("stripping costs"). During the development of a mine, stripping costs are capitalized and included in the carrying amount of the related mining property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs incurred to provide access to gold and silver which will be produced in future periods that would not have otherwise been accessible are capitalized and included in the carrying amount of the related mineral property. Stripping costs incurred and capitalized during the production phase are depleted using the unit-of-production method over the estimated contained proven and probable reserves and measured and indicated resources that directly benefit from the specific stripping activity. Costs incurred for regular waste removal that do not give rise to future economic benefits are considered as costs of sales and included in production costs.

Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset includes the purchase price or construction cost, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and borrowing costs related to the acquisition or construction of the qualifying assets.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Depreciation of plant and equipment commences when the asset is in the condition and location necessary for it to operate in the manner intended by management. Plant and equipment assets are depreciated or depleted using either the straight-line or units-of-production method over the shorter of the estimated useful life of the asset or the expected life of mine. Where an item of plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of plant and equipment. A majority of mine and site infrastructure assets are depleted using a unit-of-production method over the life of the mine. Depletion is determined each period using gold ounces mined over the estimated contained proven and probable reserves and measured and indicated resources of the mine. Depreciation and depletion is recognized in the consolidated statement of loss and comprehensive loss upon commercial production having been achieved.

Other ancillary assets are depreciated using the straight-line method to allocate cost over their estimated useful lives, as follows:

	Estimated useful life
Ancillary machinery and equipment	2-5 years
Light vehicles	3-5 years
Office furniture, leaseholds and computer equipment	3-5 years

Asset useful life and residual values are reviewed on an annual basis and adjusted, if required, on a prospective basis.

Impairment of non-financial assets

The carrying amounts of assets included in mineral properties, plant and equipment are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. An impairment loss exists if the asset's carrying amount exceeds the recoverable amount, and is recorded as an expense immediately.

Value in use is determined as the present value of the future cash flows expected to be derived from continuing use of an asset or cash generating unit in its present form. These estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit for which estimates of future cash flows have not been adjusted.

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All inputs used are those that an independent market participant would consider appropriate.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount, but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statement of loss and comprehensive loss immediately.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Borrowing costs

Borrowing costs incurred that are attributable to acquiring and developing mining properties and constructing new facilities (qualifying assets) are capitalized and included in the carrying amounts of qualifying assets until those qualifying assets are ready for their intended use, which in the case of mining properties, is when the mining property reaches commercial production. Capitalization commences on the date that expenditures for the qualifying asset are incurred, borrowing costs are incurred by the Company and activities that are necessary to prepare the qualifying asset for its intended use are undertaken. All other borrowing costs are expensed in the period in which they are incurred.

Provision for reclamation and remediation

The Company's activities are subject to laws and regulations relating to the protection of the environment in jurisdictions in which exploration, development and mining activities take place. To comply with such laws and regulations, the Company may be required to make expenditures for reclamation and remediation. In certain cases, the Company could also have a constructive obligation to make such expenditures, where a legal obligation did not otherwise exist. The Company recognizes a provision for reclamation and remediation when: the Company has a present legal or constructive obligation as a result of past events, such as an environmental disturbance; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at the net present value of the expenditures expected to be required to settle the obligation using a risk-free rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Accretion expense, representing the increase in the provision due to the passage of time, has been capitalized to mining interests prior to the commencement of commercial production on September 1, 2018. During commercial production accretion expense is recognized in the consolidated statement of loss and comprehensive loss.

Reclamation and remediation provisions include estimates for the costs of restoration activities required under applicable environmental regulations, such as dismantling and demolition of infrastructure, site and land rehabilitation, and security and monitoring. The extent of reclamation and remediation work required is primarily dependent on the prescribed requirements of the applicable environmental authority in the jurisdiction in which the Company's activities take place. Upon initial recognition of the liability, the net present value of the obligation is capitalized as part of the cost of mining interests. Restoration activities will occur primarily upon closure of a mine, but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

Reclamation and remediation provisions are reviewed at least quarterly and take into account the effects of inflation and changes in estimates, with any resulting adjustments to the net present value of the provision correspondingly capitalized to mining interests.

Derivative liabilities

Derivatives are initially recognized at their fair value on the date the derivative contract is entered into and transaction costs are expensed. The Company's derivatives are subsequently re-measured at their fair value at each reporting date with changes in fair value recognized in the consolidated statement of loss and comprehensive loss.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

As the exercise price of certain of the Company's share purchase warrants is fixed in Canadian dollars and the functional currency of the Company is the US dollar, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. The fair value of the warrants is determined using the Black Scholes option pricing model at the period end date.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts.

Share capital

Common shares are classified as equity. The Company records proceeds from share issuances net of share issuance costs. Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the shares are issued. Proceeds related to the issuance of units are allocated between common shares and warrants on a relative fair value basis where warrants are classified as equity instruments. For warrants classified as derivative liabilities, the fair value of the warrants is determined with the residual amount allocated to common shares.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or (loss) attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated based on the weighted average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. This calculation requires that the dilutive effect of outstanding options and warrants issued be calculated using the treasury stock method. The treasury stock method assumes that all common share equivalents have been exercised at the beginning of the year (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the year.

The calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

Share-based payments

The grant date fair value of share-based payment awards granted to employees, consultants, directors and officers is recognized as an expense, with a corresponding increase in share option reserve, over the period during which the recipient unconditionally becomes entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Financial instruments

The Company has adopted IFRS 9 Financial Instruments ("IFRS 9") as of July 1, 2018. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Classification and measurement of financial assets and financial liabilities

IFRS 9 eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: (i) measured as amortized cost; (ii) measured at fair value through other comprehensive income ("FVOCI"); and (iii) measured at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated and instead, the financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

IFRS 9 retains the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39, all fair value changes on liabilities designated under the fair value option were recognized in the consolidated statement of loss and comprehensive loss. Under IFRS 9, those fair value changes are generally presented as follows: (i) the amount that is attributable to changes in the credit risk of the liabilities is presented in other comprehensive income ("OCI") and (ii) the remaining amount of change in the fair value is presented in the consolidated statement of loss and comprehensive loss. All other financial liabilities are measured at amortized cost unless the fair value option is applied.

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss ("ECL") model for calculating impairment of financial assets. An entity is required to recognize ECL when financial instruments are initially recognized and to update the amount of ECL recognized at each reporting date to reflect changes in the credit risk of the financial instruments. IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Transition to IFRS 9

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. On adoption of IFRS 9, there were no differences in the carrying amounts of the Company's financial assets and financial liabilities.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

The original measurement categories under IAS 39 and the new measurement categories under IFRS 9 are summarized as follows:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Financial Liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Debt	Other financial liabilities	Amortized cost
Lease obligation	Other financial liabilities	Amortized cost
Gold call options	FVTPL	FVTPL

Cash

Cash presented in assets on the consolidated statements of financial position and the consolidated statements of cash flows at June 30, 2019 and June 30, 2018 consisted entirely of cash on deposit with a Canadian Schedule I financial institution and a US-chartered commercial bank and are subject to negligible risk of changes in value.

Silver stream obligation

The Company has a silver stream obligation which has been accounted for in accordance with IFRS 9. Management has determined that based on the terms of the agreement there is a financial liability component and an embedded derivative component. The financial liability is measured at amortized cost. The Company values the liability at the present value of its expected future cash outflows at each reporting period. The embedded derivative is valued at fair value with changes in fair value at each reporting period being reflected in the consolidated statements of loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense if applicable, is recognized in the consolidated statements of loss.

Current tax

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period, adjusted for amendments if any, to tax payable from previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to tax authorities.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Deferred tax

Deferred tax is recorded using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable loss, or on differences relating to investments in subsidiaries to the extent that it is probable they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statements of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Revenue recognition

The Company has adopted IFRS 15, Revenue from Contracts with Customers, effective from the commencement of commissioning at the Moss Mine. Revenue is generated from the sale of gold and silver.

The Company produces doré which contains gold and silver. Doré is further processed by a third party refiner to produce refined metals for sale. The Company's performance obligations relate primarily to an irrevocable sale and delivery of gold and silver to its customers.

Revenue is recognized when control of the refined gold and silver is transferred to the customer. Control is achieved when an irrevocable commitment to sell gold and silver to customers at a specified price occurs upon the Company's third party refiner notifying the customers they have received irrevocable instructions to deliver refined gold and silver to the customers' bullion account. After this point the customers have full discretion over the product and there is no unfulfilled obligation that could affect the acceptance of the product.

For each physical shipment of gold and silver doré, 100% of the estimated contained gold and silver is available to be delivered to the customers' bullion accounts within approximately seventeen business days of arrival at the refinery. Differences between the contained gold estimate, the contained silver estimate and the final outturn from the refiner are maintained through a shortfall/surplus account between the Company and its customers.

Inventory

Inventories include work in progress (ore stockpiles and heap leach ore) as well as finished goods (doré bars including gold and silver) and supplies inventory. Ore stockpiles, heap leach ore or finished goods inventory are valued at the lower of weighted average production cost or net realizable value based on estimated metal content.

The Company allocates direct and indirect production costs to gold and silver on a systematic and rational basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

3 Significant accounting policies (continued)

Work in process inventory, including ore stockpiles, represents ore on the surface that has been extracted from the mine and is available for further processing. Heap leach ore inventory represents gold and silver ounces contained in ore that has been placed on the heap leach pad for cyanide irrigation. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, ore grade and estimated recoveries of ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost. The estimated recoverable ounces carried on the heap leach pad are adjusted based on actual recoveries being experienced. Actual and estimated recoveries are measured to the extent possible, using various indicators including but not limited to, leach curve recoveries and current trends in the level of ounces carried on the pad.

Doré inventory represents gold and silver ounces located at the mine, in transit to customers, at the refinery and bullion after it has been refined. Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Future accounting policy changes issued but not yet in effect

Pronouncements that are not applicable or that do not have a significant impact to the Company have not been included in these consolidated financial statements. The following standards are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company is currently evaluating the impact of these standards on its consolidated financial statements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

The Company is developing an implementation plan to determine the impact on the consolidated financial statements. As part of that plan, the Company is compiling a catalog of its existing operating lease and service contracts and identified those that fall within scope of IFRS 16. The Company is in the process of quantifying the impact of the leases that are in the scope of IFRS 16 and will provide the quantitative impact of adopting IFRS 16 in the first fiscal quarter of 2020.

The Company will be adopting IFRS 16 on July 1, 2019 using the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

There are no other IFRS's or IFRIC interpretations that are not yet effective or early adopted that are expected to have a material impact on the Company.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying note disclosures. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By their nature, these judgments, estimates and assumptions are subject to uncertainty and the effect on the consolidated financial statements in future periods for changes in such factors could be significant. Actual results may differ from these judgments, estimates and assumptions.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

4 Significant accounting estimates and judgments

Significant estimates and judgments used in the preparation of the consolidated financial statements include, but are not limited to:

- the determination of functional currency, as USD for the parent company and wholly owned subsidiaries;
- those relating to the assessment of the Company's ability to continue as a going concern;
- inventory valuation which includes contained and recoverable ounces and allocation of costs;
- the economic recoverability of exploration expenditures incurred and the probability of future economic benefits from the expenditures;
- asset carrying values and impairment charges;
- useful life of property, plant and equipment;
- the expected costs of reclamation and remediation;
- the calculation of share-based compensation, which includes the assumptions used in the Black-Scholes option pricing model such as volatility, estimated forfeiture rates and expected time until exercise;
- the portion of convertible debentures directly apportioned to equity;
- the fair value of gold call options;
- the fair value of derivative liabilities; and
- the fair value of the silver stream obligation and associated embedded derivative.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the amounts recognized in the consolidated financial statements are as follows:

i) Mining interests

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of mining interests. The amounts shown for mining interests do not necessarily represent present or future values.

The recoverability of asset carrying values is dependent upon economically recoverable reserves and resources, the ability of the Company to obtain the necessary financing and permits to complete development and profitable production or proceeds from the disposition.

The Company has taken steps to verify title to mining interests in which it has or is in the process of earning an interest, 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.

ii) Share-based payments

The Company has an incentive stock option plan for employees, consultants, directors and officers. Services received and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated by using the Black-Scholes valuation model on the date of stock option grant based on certain assumptions. Those assumptions are described in Note 15 and include, among others, expected volatility, expected life and number expected to vest.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

4 Significant accounting estimates and judgments (continued)

iii) Provision for reclamation and remediation

The amounts recorded for reclamation and remediation provisions are based on a number of factors, including technical reports prepared by third-party specialists for anticipated remediation activities and costs, the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the work to be completed and may change with future changes to costs, environmental laws and regulations and remediation practices.

iv) Useful life of property, plant and equipment

The useful life of property, plant and equipment and intangible assets is based on management estimates at the time of acquisition with information obtained from vendors and engineer guidance, where required. Management estimates may change due to technological developments, market conditions, expectation for replacement of assets and other factors. The Company depreciates assets on a straight-line basis, over the useful life of the asset to the extent that the useful life does not exceed the estimated life of the mine. Estimates of residual values, useful lives and depreciation methods are reviewed periodically by management. Any changes that arise from periodic reviews are accounted for and adjusted prospectively.

v) Fair value of gold call options

The fair value of financial instruments that are not traded in an active market are determined using the Black-Scholes valuation model. Management uses its judgment to make estimates of specific model inputs that are based on conditions, including market, existing at the end of each reporting period.

vi) Capitalization of borrowing costs

The capitalization of borrowing costs involves the determination of a capitalization rate, which is subject to judgment by management.

vii) Convertible debentures

Convertible debentures are financial instruments accounted for in two separate components, a debt instrument and equity instrument or a derivative liability. The identification of the respective components is based on interpretations of the substance of the contractual arrangement and thus requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the debt component. The determination of the fair value of the debt component is based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

viii) Deferred taxes

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant judgment of future taxable profit. Management is required to assess whether it is probable that the Company will benefit from its deferred tax assets. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred tax assets.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

4 Significant accounting estimates and judgments (continued)

ix) Inventories

The allocation of costs to inventories and the determination of net realizable value involves the use of estimates. There is significant judgment used in estimating future costs, future production levels, contained gold and silver ounces, gold and silver recovery levels and market prices. Actual results may differ significantly from estimates used in the determination of the carrying value of inventories. The Company allocates direct and indirect production costs to gold and silver on a systematic and rational basis. With respect to ore stockpiles, heap leach ore and doré inventory, production costs are allocated based on ounces recoverable within each category of inventory. Inventory is stated at the lower of weighted average cost or net realizable value with cost being determined using a weighted average cost method. The ending inventory value of ounces associated with the leach pad is equal to opening recoverable ounces plus recoverable ounces placed, less ounces produced, with ounce adjustments related to current estimates of contained ounces and recovery levels being experienced.

x) Derivative liabilities

The Company issues share purchase warrants in connection with certain equity financings. The fair value of share purchase warrants is estimated by using the Black-Scholes valuation model on date of warrant issuance based on certain assumptions. Those assumptions are described in Note 15(d) and include, among others, expected volatility, expected life and number expected to vest.

xi) Silver stream obligation and embedded derivative

The silver stream obligation has been accounted for as a financial liability. The financial liability is measured at amortized cost. The fair value of the silver stream obligation embedded derivative is estimated by using the Monte Carlo simulation valuation models based on certain assumptions. Those assumptions are described in Note 14(ii) and include, among others, the silver forward curve price, long-term silver price volatility, the risk-free interest rate, and the Company's credit spread.

xii) Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement. In making this determination, management considers specific facts and circumstances. These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at a pre-determined level of design capacity for a reasonable period of time.

5 Trade and other receivables

	June 30, 2019		June 30, 2018
Trade accounts receivable	\$ 14	\$	11
Value-added taxes receivable	11		15
	\$ 25	\$	26

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

6 Inventory

	June 30, 2019	June 30, 2018
Heap leach ore ⁽¹⁾	\$ 18,037	\$ 6,534
Dore	1,787	702
Stockpiled ore	389	296
Consumables and supplies	427	175
	\$ 20,640	\$ 7,707

⁽¹⁾ For the year ended June 30, 2019 the Company revised its estimate of contained ounces in heap leach ore inventory. Accordingly heap leach ore inventory was written down by \$3,034, of which \$2,269 was included in production and \$765 was included in depreciation and depletion.

7 Mineral properties, plant and equipment

Mineral properties, plant and equipment for the years ended June 30, 2019 and 2018 were as follows:

	Depletable mineral properties	Non- depletable mineral properties	Plant and equipment	Construction in progress	Total
Cost					
Balance at June 30, 2018	\$ 21,498	\$ 1,404	\$ 2,573	\$ 53,255	\$ 78,730
Additions	2,529	1,103	1,860	390	5,882
Transfer from construction in progress	5,780	107	47,758	(53,645)	-
Balance at June 30, 2019	\$ 29,807	\$ 2,614	\$ 52,191	\$ -	\$ 84,612
Accumulated Depreciation					
Balance at June 30, 2018	\$ -	\$ -	\$ 1,558	\$ -	\$ 1,558
Depletion and depreciation	1,838	-	4,126	-	5,964
Depletion and depreciation capitalized to inventory	1,213	-	2,721	-	3,934
Balance at June 30, 2019	\$ 3,051	\$ -	\$ 8,405	\$ -	\$ 11,456
Net book value at June 30, 2019	\$ 26,756	\$ 2,614	\$ 43,786	\$ -	\$ 73,156

	Depletable mineral properties	Non- depletable mineral properties	Plant and equipment	Construction in progress	Total
Cost					
Balance at June 30, 2017	\$ 20,937	\$ 921	\$ 1,362	\$ 12,875	\$ 36,095
Additions	561	483	1,211	40,380	42,635
Balance at June 30, 2018	\$ 21,498	\$ 1,404	\$ 2,573	\$ 53,255	\$ 78,730
Accumulated Depreciation					
Balance at June 30, 2017	\$ -	\$ -	\$ 1,099	\$ -	\$ 1,099
Depreciation	-	-	459	-	459
Balance at June 30, 2018	\$ -	\$ -	\$ 1,558	\$ -	\$ 1,558
Net book value at June 30, 2018	\$ 21,498	\$ 1,404	\$ 1,015	\$ 53,255	\$ 77,172

Depletable mineral properties consist of the Moss Mine. Non-depletable mineral properties consist of exploration on the Moss Property and the Silver Creek Property, which are separate from the Moss Mine.

During the year ended June 30, 2019, \$50 (2018 - \$347) of depreciation and depletion was capitalized within construction in progress prior to the Company declaring commercial production on September 1, 2018.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

7 Mineral properties, plant and equipment (continued)

During the year ended June 30, 2019, the Company capitalized borrowing costs of \$773 (June 30, 2018 - \$3,925) related to the Moss Mine project into construction in progress prior to the Company declaring commercial production on September 1, 2018 at a capitalization rate of 8.56% (June 30, 2018 – 13.83%).

Moss Mine Property – Mohave County, Arizona

The Company owns 100% of the Moss Mine and has royalty agreements with various parties whereby the Company pays net smelter returns (“NSR”) royalties ranging from 1% to 3% on certain patented and unpatented claims related to the Moss Mine.

In addition, a royalty of up to \$15 per troy ounce of gold produced and up to \$0.35 per troy ounce of silver produced is payable to a non-related party. The royalty can be purchased by the Company for \$2,400 in cash and/or shares of the Company within 90 days of the commencement of commercial production as defined by the agreement. During the year ended June 30, 2019, the Company paid \$100 for a twelve month extension to repurchase this royalty until November 29, 2019.

Silver Creek Property – Mohave County, Arizona

On May 7, 2014, the Company secured an option on the Silver Creek property, located adjacent to the Moss Mine with La Cuesta International, Inc. (“LCI”). To fulfill the terms of the 35 year mineral lease and option agreement, the Company paid LCI \$5 and issued 100,000 common shares of the Company upon execution of the agreement.

On June 28, 2017, the Company entered into an amendment to the mineral lease and option agreement to defer the minimum work commitment of \$200 from May 7, 2017 to May 7, 2019.

On August 2, 2019, the Company entered into an amendment to the mineral lease and option agreement to reduce the minimum work commitment of \$200 by May 7, 2019 to \$68 (completed). Upon the execution of the amendment the Company must meet the following commitments:

- i. Pay LCI \$10 cash (paid) and fund a minimum of \$15 (completed) on work commitments by May 7, 2015;
- ii. Pay LCI \$20 cash (paid) and fund a minimum of \$20 (completed) on work commitments by May 7, 2016;
- iii. Pay LCI \$30 cash (paid) by May 7, 2017 and \$20 cash (paid) by July 28, 2017;
- iv. Pay LCI \$45 cash by May 7, 2018 (paid);
- v. Pay LCI \$50 cash (paid) by May 7, 2019 and fund a minimum of \$68 on work commitments by May 7, 2019 (completed); and
- vi. Pay LCI \$25 cash every six months, thereafter.

The agreement provides for a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling \$4,000 in any combination of aggregate royalty payments and lump-sum payments at its sole discretion. All payments other than the work commitments are credited against the royalty. Once \$4,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%.

NORTHERN VERTEX MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

8 Trade and other payables

	June 30, 2019	June 30, 2018
Trade accounts payable	\$ 5,084	\$ 4,435
Accrued liabilities	2,369	2,792
	\$ 7,453	\$ 7,227

9 Debt

	Note	June 30, 2019	June 30, 2018
Senior secured credit facility, net of issue costs	(i)	\$ -	\$ 18,082
Convertible debentures – 2016	(ii)	4,134	3,847
Convertible debentures – 2018	(iii)	5,916	5,763
Debt facility – 2019	(iv)	2,973	-
Equipment loans, net of costs	(v)	171	262
		\$ 13,194	\$ 27,954
Current portion of debt		(8,989)	(13,427)
		\$ 4,205	\$ 14,527

(i) Senior secured credit facility:

Pursuant to the terms of the \$20 million senior secured credit facility (“the Facility”), interest was due monthly at an annual interest rate of 8% plus the greater of twelve month USD LIBOR or 1.25%. The Facility was secured with a first charge over assets and shares of all subsidiaries. Fees of 3% of the principal amount outstanding were due on November 4 of each year and were payable in cash or shares at the option of the lender. In addition to the Facility the Company issued call options (the “Gold Call Options”) to purchase 6,000 ounces of gold (Notes 12,28).

An amendment was made to the Facility agreement whereby the Company extended the maturity date of the Facility from November 2019 to December 2020. As part of the amendment monthly principal payments of \$1,111 were waived from July 2018 to October 2018.

During the year ended June 30, 2019, pursuant to the terms of the Facility agreement, the Company issued an aggregate of 4,116,759 common shares with a fair value of \$933 in satisfaction of the anniversary fee and an amendment to extend the maturity date of the Facility.

As at June 30, 2019, the Company has fully repaid the Facility and the security has been released. The Gold Call Options remain outstanding as of June 30, 2019 (Notes 12,28).

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

9 Debt (continued)

(ii) Convertible debentures – 2016:

The unsecured convertible debentures issued in fiscal 2017 mature on May 31, 2021 and bear interest at 5% per year with interest payable semi-annually on November 30 and May 31. The convertible debentures are convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of C\$0.50 per common share. The debentures may be redeemed in cash on or after July 14, 2018 upon redemption notice at a redemption price equal to their face value plus accrued interest provided the trading price of the common shares for 20 consecutive trading days, ending five trading days prior to the date of the redemption notice, must be less than the conversion price. The Company also has the option, to repay the face value of the debentures in common shares, provided certain circumstances are met including: no default has occurred and the trading price of the common shares for 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date is at least 150% of the conversion price. Interest may be payable in cash or common shares at the option of the Company.

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 3,847	\$ 3,882
Converted debentures	(141)	(352)
Interest accretion	398	239
Foreign exchange movement	30	78
Balance, end of year	\$ 4,134	\$ 3,847

During the year ended June 30, 2019, the Company issued 1,605,686 (June 30, 2018 – 739,507) common shares with a fair value of \$246 (June 30, 2018 – \$287) in payment of interest expense.

During the year ended June 30, 2019, C\$250 of convertible debentures were converted to 500,000 common shares with a fair value of \$134.

(iii) Convertible debentures – 2018

On January 17, 2018 and March 7, 2018, the Company completed two tranches of an unsecured subordinated non-revolving loan facility in the amount of \$3,000 each for a total of \$6,000.

The convertible debentures mature on January 31, 2020 at which time the principal amount is to be repaid in full, subject to the holder having not elected to convert the principal amount outstanding. The convertible debentures bear interest at 12% per annum, payable quarterly in arrears in cash and are convertible at the holder's option at any time prior to the maturity date. The conversion price is the lower of: (i) C\$0.70; and (ii) if the Company has announced a potential merger, amalgamation, arrangement, acquisition or other type of business transaction that results in a change of control, or a merger and acquisition transaction, including the issuance by the Company of more than 20% of its stock, the 20 day volume weighted average price prior to such announcement, subject to the conversion price not being less than C\$0.51 for tranche one and C\$0.52 for tranche two. The conversion price of debentures issued under any subsequent advance will be as above, but will be subject to the minimum market price determined on the date preceding the date of issuance of any such subsequent debentures. Cash fees of 3% of the amount of each advance were paid upon completing the tranches and 3% of the aggregate amount outstanding is due on the anniversary date.

Subsequent to June 30, 2019 the Company consolidated and extended the maturity date of the convertible debentures to December 1, 2020 (Note 28).

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

9 Debt (continued)

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 5,763	\$ -
Issued	-	6,000
Financing costs	-	(288)
Interest accretion	153	51
Balance, end of year	\$ 5,916	\$ 5,763

(iv) Debt facility – 2019

On November 5, 2018 the Company entered into a definitive agreement in respect of an unsecured non-revolving loan facility for up to \$10,000, bearing interest at 12% per annum, payable quarterly in arrears in cash, and available to be drawn in up to five tranches. The first two tranches totalling \$5,000 were drawn and are repayable by October 3, 2019 with the first tranche of \$2,500 convertible into common shares of the Company at C\$0.30 per common share. The conversion feature related to this tranche is a derivative and the fair value on initial recognition was a nominal amount. The second tranche of \$2,500 is not convertible into common shares. Cash fees of 3% were paid on the second tranche. The non-revolving loan facility is payable on demand and \$2,000 of the non-convertible debt (tranche two) was repaid upon closing of the silver stream agreement (Note 11).

Subsequent to June 30, 2019 the Company consolidated and extended the maturity date of the convertible portion of the facility to December 1, 2020 and paid the non-convertible portion (Note 28).

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ -	\$ -
Issued	5,000	-
Financing costs	(77)	-
Principal payments	(2,000)	-
Interest accretion	50	-
Balance, end of year	\$ 2,973	\$ -

(v) Equipment loans

At June 30, 2019, the Company had equipment loans outstanding totalling \$171 (June 30, 2018 - \$262) at interest rates ranging from 4.34% to 11.99% with monthly payments of \$9.

10 Lease obligation

During the year ended June 30, 2018, the Company executed a definitive Master Lease Agreement (the "MLA") for up to \$9,000 of equipment purchases. The significant terms and conditions of the MLA include: a maximum of \$9,000 available to fund equipment purchases with 10% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four year lease period, interest rate of 3-month USD LIBOR plus additional interest rates ranging from 5.00% to 6.25% per annum and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company.

The Company paid fees of \$225 in connection with the MLA and commitment fees of 0.5% of the unused portion of the MLA are due quarterly. As of June 30, 2019, \$2,435 of the MLA remains unused.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

10 Lease obligation (continued)

During the year ended June 30 2019, \$538 of an existing security deposit was used to pay principal and interest obligations due to the holder of the lease and it was agreed an additional \$291 would be used in the first fiscal quarter of 2020. The security deposit will be repaid in three instalments of \$288, \$288 and \$291 due no later than January 1, 2020, April 1, 2020 and July 1, 2020 respectively.

Minimum lease payments and present value of finance lease are as follows:

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 6,595	\$ -
Minimum lease payments	-	9,910
Principal payments	(1,688)	(2,123)
Finance charges	(30)	(1,192)
	4,877	6,595
Current portion of finance lease	(1,551)	(1,686)
Balance, end of year	\$ 3,326	\$ 4,909

	Within 1 Year	2-5 Years	Total
Future minimum lease payments	1,868	3,581	5,449
Finance charges	(329)	(243)	(572)
Present value of finance lease	\$ 1,539	\$ 3,338	\$ 4,877

11 Silver stream obligation

During the year ended June 30, 2019, the Company entered into a \$20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement the Company will deliver 100% (reducing to 50% after 3,500,000 ounces are delivered) of payable silver production from the Moss Mine over the life of the mine on a monthly basis. Deliveries are subject to a ratio of silver to actual gold produced which, in the event the ratio is not met, the Company would be required to purchase silver ounces required to achieve the ratio. The silver stream obligation is secured with a first charge over assets.

In addition to the silver advance of \$20,000, the Company will receive 20% of the average spot silver price at the time each ounce of silver is delivered. The Company recognizes silver revenue for silver ounces delivered under the arrangement at the spot price at the time of delivery. The silver advance is reduced by silver ounces delivered at the forward spot price at the inception of the agreement, offset by the financial liabilities accretion over the life of the mine.

The silver stream obligation has been accounted for as a financial liability with an embedded derivative which relates to changes in silver price and expected production. The financial liability is measured at amortized cost. The embedded derivative is recorded at fair value each reporting period with changes reflected in the consolidated statement of loss and comprehensive loss. At June 30, 2019, the fair value of the embedded derivative was \$1,956 (Note 14).

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

11 Silver stream obligation (continued)

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ -	\$ -
Silver advance	20,000	-
Financing costs	(236)	-
Silver deliveries	(715)	-
Settlement gain	(548)	-
Interest accretion	2,168	-
	20,669	-
Current portion of silver stream obligation	(4,450)	-
Balance, end of year	\$ 16,219	\$ -

12 Gold call options

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 505	\$ 419
Gold Call Options revaluation	844	86
	1,349	505
Current portion of gold call options	(1,349)	-
Balance, end of year	\$ -	\$ 505

In connection with the senior secured credit facility (Note 9), the Company issued Gold Call Options to the lender to purchase 6,000 ounces of gold at an exercise price of \$1,350 per ounce. Pursuant to amendments to the Facility agreement, the exercise price was reduced \$1,200 per ounce. The Gold Call Options expire on November 4, 2021 and are to be settled by cash payment. These unsecured gold call options remain outstanding even though the senior secured credit facility (Note 9) was fully repaid during the year ended June 30, 2019.

The fair value of the Gold Call Options was calculated when issued and are revalued each subsequent reporting period using the Black-Scholes option pricing model with the fair value gain or loss recorded in the consolidated statements of loss and comprehensive loss. The following assumptions were used when valuing the options:

	June 30, 2019	June 30, 2018	At Issue
Exercise price (\$ per ounce)	\$1,200	\$1,275	\$1,350
Gold price (\$ per ounce)	\$1,409	\$1,250	\$1,303
Volatility	9.5%	11.0%	14.5%
Interest rate	1.47%	1.91%	0.52%
Expected life of options (years)	0.85	1.85	2.5

13 Provision for reclamation

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 1,766	\$ 1,602
Change in estimate	387	127
Accretion	45	37
Balance, end of year	\$ 2,198	\$ 1,766

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

13 Provision for reclamation (continued)

The Company's provision for reclamation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 2.0% and a long-term inflation rate of 2%, with expenditures anticipated over a ten year period beginning in 2028. The provision is remeasured at each reporting date. Accretion has been capitalized to mining interests prior to the commencement of commercial production on September 1, 2018. During commercial production accretion expense is recognized in the consolidated statements of loss and comprehensive loss.

The total undiscounted amount of the Company's estimated obligation, based on land disturbances at the Moss Mine as of June 30, 2019, was \$2,665.

14 Derivative liabilities

	Note		June 30, 2019		June 30, 2018
Derivative liability – warrants	(i)	\$	2,609	\$	-
Derivative liability – silver stream embedded derivative	(ii)		1,956		-
		\$	4,565	\$	-

(i) Derivative liability - warrants:

The Company's functional currency is in USD. As the exercise price of the Company's share purchase warrants is fixed in CAD, a variable amount of cash in the Company's functional currency will be received on warrant exercise. Upon the change in functional currency from CAD to USD on October 1, 2018 the Company's warrants issued are accounted for as derivative liabilities with changes to fair value recorded through the consolidated statements of loss and comprehensive loss at each reporting period. Outstanding warrants at September 30, 2018 were not reclassified as a financial liability as the change is accounted for on a prospective basis. The fair value of warrants issued is estimated using the Black-Scholes option-pricing model.

The following assumptions were used for the Black-Scholes valuation of warrants issued:

	June 30, 2019	June 30, 2018
Risk-free interest rate	1.47%	-
Expected life of warrants	1.5 – 1.7 years	-
Dividend rate	Nil	-
Expected share price volatility	72 - 76%	-
Fair value per warrant issued and/or amended (C\$)	\$0.05-\$0.07	-

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ -	\$ -
Issuance of warrants in private placements (Note 15)	2,971	-
Change in fair value	(471)	-
Foreign exchange movement	109	-
Balance, end of year	\$ 2,609	\$ -

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

14 Derivative liabilities (continued)

(ii) Derivative liability – silver stream embedded derivative:

The silver stream obligation embedded derivative is valued using the Monte Carlo simulation valuation models. The key inputs used by the Monte Carlo simulation is the silver forward curve price, long-term silver price volatility, the risk-free interest rate, and the Company's credit spread.

The valuation of the silver stream obligation embedded derivative also required estimation of the Company's anticipated production schedule of silver ounces delivered over the life of mine.

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ -	\$ -
Change in fair value	1,956	-
Balance, end of year	\$ 1,956	\$ -

15 Share capital, share option reserve and warrant reserve

a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

Private placements completed during the years ended June 30, 2019 and 2018 were as follows:

In February 2019, the Company closed a non-brokered private placement, issuing an aggregate of 14,624,074 units (each a "Unit") at a purchase price of C\$0.24 per Unit for gross proceeds of \$2,667. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of C\$0.40 per share for a period of two years from the date of issuance and were classified as a derivative liability (Note 14). Cash finder's fees of \$121 were paid to arm's length parties.

In December 2018, the Company closed a non-brokered private placement, raising gross proceeds of \$8,000 and issued an aggregate of 44,596,666 units at a purchase price of C\$0.24 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant has a term of two years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.40 until December 12, 2020 and were classified as a derivative liability (Note 14).

In April 2018, the Company closed a non-brokered private placement, raising gross proceeds of \$1,862. Pursuant to the private placement, the Company issued an aggregate of 4,623,076 units at a purchase price of C\$0.52 per unit. Each unit consists of one common share of the Company and one-half non-transferable common share purchase warrant. Each warrant has a term of two years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.68 until April 27, 2020. Cash finders' fees of 6% on a portion of the gross proceeds raised, totaling \$79, were paid to certain finders at arm's length to the Company.

In July 2017 the Company completed the final tranche of a \$20,000 non-brokered private placement, issuing 23,849,230 units at a price of C\$0.52 per unit for gross proceeds of \$9,418. Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.91 for a period of two years from the date of issuance of the warrant and at a price of C\$1.04 for the remainder of the term of the warrant.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

15 Share capital, share option reserve and warrant reserve (continued)

In July 2017 the Company also closed a non-brokered private placement raising gross proceeds of \$2,421, of which \$1,901 was received during the year ended June 30, 2017. Pursuant to the private placement, the Company issued an aggregate of 5,830,500 units at a purchase price of C\$0.52 per unit. Each unit consists of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant has a term of five years and entitles the holder to acquire one common share of the Company at an exercise price of C\$0.91 for a period of two years from the date of issuance of the warrant and at a price of C\$1.04 for the remainder of the term of the warrant. The fair value of the warrants at the date of issuance was \$829. Cash finders' fees of 6% on a portion of the gross proceeds raised under the private placement, totaling \$118 were paid to certain finders at arm's length to the Company.

b) Share-based compensation

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 employees, consultants, directors and officers, 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 10 years with vesting terms determined by the Board of Directors. No individual may be granted options exceeding 5% of the Company's common shares outstanding in any 12-month period.

Continuity of the Company's stock options issued and outstanding was as follows:

	June 30, 2019		June 30, 2018	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Outstanding, beginning of period	5,505,000	\$ 0.47	8,505,000	\$ 0.71
Granted	11,200,000	0.24	1,300,000	0.61
Exercised	-	-	(775,000)	0.38
Forfeited	(1,865,417)	0.31	(625,000)	0.36
Expired	(685,000)	0.65	(2,900,000)	1.28
Outstanding, end of period	14,154,583	\$ 0.30	5,505,000	\$ 0.47

As at June 30, 2019, the following stock options were outstanding and exercisable:

Exercise price (C\$)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
0.25	1,375,000	February 24, 2020	1,375,000	0.65
0.46	1,195,000	July 15, 2021	1,195,000	2.04
0.46	250,000	September 14, 2021	250,000	2.21
0.46	200,000	October 26, 2021	200,000	2.33
0.68	750,000	September 29, 2022	750,000	3.25
0.52	283,333	May 20, 2023	216,667	3.89
0.24	8,901,250	February 27, 2024	2,018,750	4.67
0.24	1,200,000	May 21, 2024	300,000	4.90
	14,154,583		6,305,417	3.49

The weighted-average remaining contractual life of options outstanding at June 30, 2018 was 2.66 years.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

15 Share capital, share option reserve and warrant reserve (continued)

c) Share-based compensation expense

Share-based payment expense is measured at fair value and recognized over the vesting period from the date of grant. Share-based payment expense recognized in the consolidated statements of loss and comprehensive loss for year ended June 30, 2019 totalled \$848 (2018: \$352).

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2019	June 30, 2018
Risk-free interest rate	1.39%-1.80%	1.75% - 2.22%
Expected life of options	5.0 years	5.0 years
Dividend rate	Nil	Nil
Expected forfeiture rate	0%	0%
Expected volatility	105%-106%	108% - 109%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. The Company has used historical volatility in its share price to estimate expected volatility. Changes in the subjective input assumptions can materially affect the fair value estimated.

d) Warrants

Share purchase warrants enable the holders to acquire common shares of the Company upon exercise. Share purchase warrants issued during the year ended June 30, 2019 have been classified as derivative liabilities (Note 14). Continuity of warrants issued and outstanding for the years ended June 30, 2019 and 2018 were as follows:

	June 30, 2019		June 30, 2018	
	Number of warrants	Weighted average exercise price (C\$)	Number of warrants	Weighted average exercise price (C\$)
Outstanding, beginning of period	46,682,807	\$ 0.82	38,246,845	\$ 0.72
Issued	59,220,740	0.40	17,151,403	0.88
Exercised	-	-	(943,000)	0.45
Expired	(9,698,000)	0.65	(7,772,441)	0.48
Outstanding, end of period	96,205,547	\$ 0.58	46,682,807	\$ 0.82

As at June 30, 2019, the Company had outstanding share purchase warrants as follows:

Number of warrants	Exercise price (C\$)	Expiry date
516,600	0.50	July 14, 2019
2,311,538	0.68	April 27, 2020
44,596,666	0.40	December 12, 2020
11,112,500	0.40	February 20, 2021
3,511,574	0.40	February 27, 2021
5,356,804	1.00	March 24, 2021
13,960,000	1.04	June 9, 2022
2,676,250	0.91	July 13, 2022
11,924,615	0.91	July 19, 2022
239,000	0.91	September 14, 2022
96,205,547	\$ 0.61	

The weighted average remaining life of the outstanding warrants as at June 30, 2019 was 2.19 years (June 30, 2018: 3.03 years).

NORTHERN VERTEX MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

16 Revenue

Prior to the commencement of commercial production on September 1, 2018, gold and silver revenue was recorded as a reduction of costs capitalized within construction in progress. Revenue shown below represents revenue for the ten months ended June 30, 2019, with September 2018 being the first month of commercial production.

Revenue by metal during the ten months ended June, 2019 of commercial production is shown below:

	June 30, 2019	June 30, 2018
Gold sales	\$ 24,174	\$ -
Silver sales	943	-
	25,117	-
Treatment and refining charges	(182)	-
	\$ 24,935	\$ -

17 Production costs

Prior to the commencement of commercial production on September 1, 2018, production costs were capitalized within construction in progress. Production costs for the year ended June 30, 2019 shown below represent production costs for the ten months ended June 30, 2019, with September 2018 being the first month of commercial production.

	June 30, 2019	June 30, 2018
Contractors and outside services	\$ 12,571	\$ -
Employee compensation and benefits expense	6,459	-
Materials and consumables	5,994	-
Other expenses	2,267	-
Stock based compensation	269	-
Changes in inventories	(7,891)	-
	\$ 19,669	\$ -

18 Corporate administrative expenses

	June 30, 2019	June 30, 2018
Direct general and administrative	\$ 1,790	\$ 1,485
Employee general and administrative	676	529
Share-based compensation	579	352
Depreciation and depletion	9	13
	\$ 3,054	\$ 2,379

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

19 Finance costs

	June 30, 2019	June 30, 2018
Interest on debt	\$ (3,015)	\$ (263)
Accretion on streaming obligation (Note 11)	(2,168)	-
Amortisation of debt issuance costs (Note 9)	(1,288)	(3)
Other interest accretion	(517)	-
Interest expense, including accretion and issue costs	(6,988)	(266)
Fair value loss on silver stream obligation embedded derivative (Note 14)	(1,956)	-
Fair value gain on warrant derivatives	471	-
Fair value loss on gold call options	(844)	(86)
Settlement gain on silver stream obligation	548	-
Interest income	87	250
	\$ (8,682)	\$ (102)

20 Income taxes

a) Income tax recovery

The following reconciles the expected income tax recovery at Canadian statutory income tax rates to the amounts recognized in the consolidated statements of and comprehensive loss for the years ended June 30, 2019 and 2018:

	June 30, 2019	June 30, 2018
Net loss before taxes	\$ (13,979)	\$ (3,792)
Statutory tax rate	27%	26.5%
Expected income tax recovery	\$ (3,774)	\$ (1,005)
Non-deductible items	234	104
Foreign tax rate difference	583	1,472
Change in deferred tax assets not recognized	2,957	(608)
Total income tax recovery	\$ -	\$ -

The statutory tax rate increased from 26.5% to 27% due to an increase in the BC corporate tax rate on January 1, 2018.

b) Deferred tax assets and liabilities

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at June 30, 2019 and 2018 are as follows:

	June 30, 2019	June 30, 2018
Tax loss carryforwards	\$ 10,656	\$ 7,444
Convertible debentures	159	(447)
Property, plant and equipment	(9,816)	(3,270)
Mining interests	(1,334)	(3,575)
Gold Call Options	335	(152)
Net deferred tax asset (liability)	\$ -	\$ -

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

20 Income taxes (continued)

The unrecognized deductible temporary differences are as follows:

	June 30, 2019	June 30, 2018
Property, plant and equipment	\$ (1,236)	\$ -
Mining interests	741	795
Financing costs	939	1,107
Provision for reclamation and remediation	2,198	1,766
Gold Call Options	1,349	505
Deferred gain or sale of investments	2,838	2,838
Other	1,174	-
Tax loss carryforwards	23,206	10,577
Unrecognized deductible temporary differences	\$ 31,209	\$ 17,588

As at June 30, 2019, the Company had non-capital tax loss carryforwards in Canada of \$5,874 (CAD\$7,038) which can be applied to reduce future Canadian taxable income and will expire between 2032 and 2039. In addition, the Company had net operating tax loss carryforwards in the United States of \$28,742 which can be applied to reduce future US taxable income and will expire between 2032 and 2039; and net operating tax loss carryforwards of \$42,404 which have an unlimited expiry period.

21 Supplemental cash flow information

The net change in non-cash working capital items included in mineral properties, plant and equipment were as follows:

	June 30, 2019	June 30, 2018
Accounts payable and accrued liabilities	\$ (5,748)	\$ 4,287

The net change in the Company's financing liabilities were as follows:

	June 30, 2019	June 30, 2018
Balance, beginning of year	\$ 34,549	\$ 12,567
Proceeds from loan facilities, net	4,804	16,037
Proceeds of lease obligation, net	-	8,584
Proceeds of silver stream obligation, net	19,615	-
Repayment of debt	(20,982)	(1,182)
Repayment of lease obligation	(1,274)	(2,123)
Other non-cash movements	2,028	666
Balance, end of year	\$ 38,740	\$ 34,549

22 Related party transactions

Related party transactions were incurred in the normal course of business and measured at their fair value which is the amount of consideration established and agreed to by the parties. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Related party balances are as follows:

	June 30, 2019	June 30, 2018
Shared office expenses receivable	\$ 9	\$ 4
Consulting fees payable	\$ 8	\$ -

NORTHERN VERTEX MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

22 Related party transactions (continued)

Related party transactions are as follows:

	June 30, 2019	June 30, 2018
Consulting fees	\$ 269	\$ 232
Shared office recovery	\$ (48)	\$ (27)

- (i) Consulting fees charged by companies controlled by certain directors of the Company are included in employee compensation and benefits expense, mineral properties, plant and equipment, and financing costs netted against debt.
- (ii) Shared office expenses recovered from and charged to a company with directors in common are recorded in corporate administrative expenses.

Commitments with related parties

The Company has a corporate services agreement with a related company for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is \$8 (C\$10) and renews annually.

Debt with a significant shareholder

As at June 30, 2019, the Company has two outstanding non-revolving loan facilities (Note 9) with a significant shareholder. These facilities include tranches which can be converted into common shares at the holder's option as well as a non-convertible tranche.

Balances due to the significant shareholder are as follows:

	June 30, 2019	June 30, 2018
Convertible debentures – 2018	\$ 5,916	\$ 5,763
Debt facility - 2019	\$ 2,973	-

Transactions with the significant shareholder are as follows:

	June 30, 2019	June 30, 2018
Interest expense	\$ 1,161	\$ 278

23 Key management personnel compensation

The remuneration of the Company's directors and other key management personnel for the years ended June 30, 2019 and 2018 is as follows:

	June 30, 2019	June 30, 2018
Salaries and short-term benefits	\$ 940	\$ 879
Share-based payments	\$ 583	\$ 239

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

24 Fair value measurements and financial risk management

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

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

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

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

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

The following tables present the carrying amounts and fair values of the Company's financial assets and liabilities, including their levels within the fair value hierarchy. Fair value information for financial assets and financial liabilities not measured at fair value is not presented if the carrying amount is a reasonable approximation of fair value.

As at June 30, 2019	Carrying value			Fair value	
	Fair value through profit or loss	Amortized cost	Fair value through OCI	Level 1	Level 2
Financial assets					
Cash	-	3,444	-	3,444	-
Restricted cash	-	869	-	869	-
	\$ -	\$ 4,313	\$ -	\$ 4,313	\$ -
Financial liabilities					
Current and long term debt	-	(13,194)	-	-	(13,194)
Lease obligation	-	(4,877)	-	-	(4,877)
Silver stream obligation	-	(20,669)	-	-	(20,669)
Derivative liabilities	(4,565)	-	-	-	(4,565)
Gold call options	(1,349)	-	-	-	(1,349)
	\$ (5,914)	\$ (38,740)	\$ -	\$ -	\$ (44,654)

As at June 30, 2018	Carrying value			Fair value	
	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Level 1	Level 2
Financial assets					
Cash	-	5,720	-	5,720	-
Restricted cash	-	1,766	-	1,766	-
	\$ -	\$ 7,486	\$ -	\$ 7,486	\$ -
Financial liabilities					
Current and long term debt	-	-	(27,954)	-	(27,954)
Lease obligation	-	-	(6,595)	-	(6,595)
Gold call options	(505)	-	-	-	(505)
	\$ (505)	\$ -	\$ (34,549)	\$ -	\$ (35,054)

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

24 Fair value measurements and financial risk management (continued)

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 of Directors 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 June 30, 2019 related primarily to value-added taxes which is expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

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

The Company manages its liquidity risk through the preparation of budgets and forecasts, which are regularly monitored and updated as management considers necessary and through the Company's capital management activities. A summary of contractual maturities of financial liabilities is included in Note 26.

(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. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the CAD in relation to USD will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. At June 30, 2019 the Company held US\$2,117 and C\$1,737 (June 30, 2018: US\$1,514 and C\$5,538). The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

24 Fair value measurements and financial risk management (continued)

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows. Fluctuations in gold prices affect the fair market value of the Gold Call Options as the fair value is based on the market price of gold at the end of each period. Fluctuations in silver prices affect the payment price per ounce for the silver stream obligation and the valuation of the silver stream embedded derivative. A 10% fluctuation in the price of gold would result in an impact of approximately \$1,578 on the consolidated statements of loss and comprehensive loss. A 10% fluctuation in the price of silver would result in an impact of approximately \$95 on the consolidated statements of loss and comprehensive loss.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which are held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by \$41. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

25 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern (Note 1) while maximizing the return to stakeholders through the optimization of the debt and equity. The Company manages capital through its operating and financial budgeting and forecasting processes on a regular basis. The Company reviews its working capital and future cash flow forecasts which are reviewed and approved by the Board of Directors. The Company continually makes strategic and financial adjustments according to market conditions to meet its objectives.

The capital structure of the Company consists of debt, convertible debt, share capital, share options, warrants, accumulated other comprehensive loss and deficit.

The Company is in compliance for externally imposed debt covenants relating to its debt facilities and lease obligations as at June 30, 2019.

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

26 Commitments

At June 30, 2019, the Company had the following contractual obligations outstanding:

	Within 1 year	2-3 years	4-5 years	5+ years	Total
Debt ⁽¹⁾⁽⁴⁾	\$ 9,869	\$ 4,718	\$ -	\$ -	\$ 14,587
Trade and other payables	7,453	-	-	-	\$ 7,453
Lease commitments ⁽²⁾	2,146	3,699	47	-	\$ 5,892
Provision for reclamation ⁽³⁾	-	-	-	2,665	\$ 2,665
	\$ 19,468	\$ 8,417	\$ 47	\$ 2,665	\$ 30,597

⁽¹⁾ Includes interest due on convertible debenture and debt.

⁽²⁾ Includes lease obligation (Note 10) and operating lease commitments.

⁽³⁾ Represents the undiscounted value of the reclamation provision.

⁽⁴⁾ Subsequent to June 30, 2019 the Company consolidated and extended the maturity dates of convertible debentures in the amount of \$8,500 (Note 28).

27 Segmented information

The Company has one reportable operating segment, being the acquisition, exploration and future development of mineral properties. The consolidated statements of loss and comprehensive loss is composed substantially of activity in the USA except for corporate administrative expenses. Reporting by geographical area follows the same accounting policies as those used to prepare the consolidated financial statements. Non-current assets (other than financial instruments) by geographic location are as follows:

	June 30, 2019		
	Canada	USA	Total
Mineral properties	\$ -	\$ 29,370	\$ 29,370
Plant and equipment	12	43,774	43,786
Restricted cash	-	868	868
	\$ 12	\$ 74,012	\$ 74,024

	June 30, 2018		
	Canada	USA	Total
Mineral properties	\$ -	\$ 22,902	\$ 22,902
Plant and equipment	16	54,254	54,270
Restricted cash	-	1,766	1,766
	\$ 16	\$ 78,922	\$ 78,938

NORTHERN VERTEX MINING CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(All dollar amounts expressed in thousands of United States dollars, unless otherwise noted)

28 Subsequent events

Subsequent to June 30, 2019:

- 516,600 warrants of the Company with an exercise price of C\$0.50 expired.
- 6,000 Gold Call Options were exercised at a price of \$1,526 per ounce. The Company agreed to payment over a twelve month period, at a rate of 10% per annum.
- 719,583 stock options of the Company with exercise prices between C\$0.24 and C\$0.66 were forfeited.
- 704,166 shares of the Company were issued.
- The exercise price of 14,839,865 warrants of the Company increased from C\$0.91 to C\$1.04.
- The Company agreed to consolidate and extend the maturity dates of the 2018 convertible debentures and \$2,000 of the 2019 debt facility (Note 9) until December 1, 2020 under a replacement convertible debenture. The replacement convertible debenture bears interest at 12% per annum, payable quarterly in arrears in cash, can be converted at a price of C\$0.30 per common share and includes an arrangement fee of 3% payable on January 31, 2020. The Company may elect to prepay in cash up to US\$4.5 million of the convertible debenture if the closing price of the Company's shares is at or above C\$0.45 for 20 consecutive trading days. The Company may exercise this option prior to the maturity date, on ten business days' notice to Greenstone, and subject to Greenstone electing not to convert such prepayment amount during such ten business day period. The Company also repaid the remaining \$500 of the 2019 debt facility.