NORTHERN VERTEX

MINING CORP

Management's Discussion and Analysis
for the Three Months Ended September 30, 2019

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The Management's Discussion and Analysis ("MD&A") of Northern Vertex Mining Corp. ("Northern Vertex" or the "Company"), has been prepared by management as of November 26, 2019 and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of its operations and cash flows for the three months ended September 30, 2019. This MD&A provides information on the operations of the Company for the three months ended September 30, 2019 and should be read in conjunction with the condensed interim consolidated financial statements for the three months ended September 30, 2019 and 2018 and related notes thereto (the "Financial Statements"), as well as the audited annual consolidated financial statements for the year ended June 30, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). **All dollar amounts in this MD&A are expressed in thousands of USD, except as otherwise noted.**

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

1. Business Overview

Northern Vertex is a gold producer engaged in the acquisition, exploration, development and operation of mineral properties principally located in the United States. The Company's principal operation is the 100% owned Moss Mine in Mohave County, Arizona which commenced commercial production as of September 1, 2018 after construction and commissioning were completed. The Company's management and technical team are proven professionals with extensive experience in all aspects of mineral exploration, mine development, operations and capital markets. Key strategic priorities for the Company, now that the Moss Mine has entered commercial production, are to generate positive cashflow from operations and to acquire accretive assets with long term growth potential.

The Company is listed on the TSX Venture Exchange ("TSXV") and its common shares trade under the symbol NEE.

2. First Fiscal Quarter 2020 Operating and Financial Highlights

- Cash increased to $5,861 during the quarter compared to $3,444 at year end as the Company achieved its strongest quarterly production and sales since operations commenced at the Moss Mine.
- Gold and silver sales were $14,631 as 9,112 gold ounces and 73,495 silver ounces were sold with average realized prices per ounce of $1,467 and $17.16 respectively.
- Operating income from mine operations, before depreciation and depletion, was $3,786.
- During the quarter the Company produced 8,460 gold ounces and 68,421 silver ounces which was the result of improved heap pad management and increased recoveries in the Merrill Crowe plant.
- The crushing plant processed 452,858 tonnes of ore with an average gold grade of 0.67 g/t and an average silver grade of 10.35 g/t.
- Actual gold recoveries are quicker than expected compared to the feasibility study, recovering 60% within 45 days compared to the feasibility study estimate of 150 days.

3. Operating Statistics

		Three Months Ended September 30, 2019	Three Months Ended September 30, 2018 [1,2,3]
Mining			
Ore mined	t	452,418	481,215
Waste mined	t	1,048,007	724,882
Total mined	t	1,500,425	1,206,097
Strip ratio	waste/ore	2.32	1.51
Crushing			
Tonnes stacked	t	452,858	392,489
Tonnes stacked per day (average)	tpd	4,922	4,266
Contained gold ounces stacked	oz.	9,738	9,888
Contained silver ounces stacked	oz.	150,733	100,242
Gold grade	g/t	0.67	0.78
Silver grade	g/t	10.35	7.94
Processing			
Merrill Crowe recovery – gold	%	96	69
Merrill Crowe recover – silver	%	97	93
Gold ounces produced [4]	oz.	8,460	5,554
Silver ounces produced [4]	oz.	68,421	20,536
Sales			
Gold ounces sold [5]	oz.	9,112	5,404
Silver ounces sold [5]	oz.	73,495	19,307

[1] The Moss Mine commenced commercial production effective September 1, 2018. In relation to this, only financial operating results from this date are recognized in the Company's Condensed Interim Consolidated Statements of Loss and Comprehensive Loss for the three months ended September 30, 2018. Financial operating results from the Moss Mine prior to September 1, 2018 were capitalized to property, plant and equipment.

[2] The operating statistics for the three months ended September 30, 2018 include pre-commercial production results.

[3] Crushing statistics for the three months ended September 30, 2018 have been adjusted from previously released statistics due to a change in the Company's estimate of tonnes and contained ounces stacked during the three months.

[4] The three months ended September 30, 2018 includes 3,672 gold ounces and 12,009 silver ounces that were produced pre-commercial production being the two months ended August 31, 2018.

[5] The three months ended September 30, 2018 includes 4,454 gold ounces and 14,597 silver ounces that were produced during pre-commercial production and sold during commercial production being the one month ended September 30, 2018.

4. Operations Discussion

The Company operates an open pit mine and extracts precious metals with a heap leach and Merrill Crowe circuit to produce gold and silver dore.

Mining

During the three months ended September 30, 2019 a total of 452,418 tonnes (2018: 481,215) of ore were mined and 1,048,007 tonnes (2018: 724,882) of waste were mined for a total of 1,500,425 tonnes (2018: 1,206,097) of material hauled.

Mining production for the quarter focused on advancing the benches in the center pit. Ore fragmentation under current drilling and blasting practices with the mining contractor had been decreasing during the quarter which increased the amount of oversized ore. To improve ore fragmentation, and decrease the amount of oversize ore, a separate drilling and blasting contractor was engaged towards the end of the quarter and mobilized at the Moss Mine early in the second quarter.

Operations are currently permitted to mine and operate on the Company's patented land and not on adjacent federal lands which are under the jurisdiction of the Bureau of Land Management ("BLM"). As a result, mining operations are constrained due to the size and topography of the patented land, the pit and leach pad footprints and the general site layout which limits operating space and impacts operational efficiencies. The Company is currently in the process of permitting the expansion of operations onto federal lands through the filing of a Mine Plan of Operations ("MPO") with the BLM which would provide a larger area to operate and allow the Company to extend the life of the mine.

Crushing Operations

During the three months ended September 30, 2019 a total of 452,858 tonnes (2018: 392,489) of ore were crushed at an average gold grade of 0.67 g/t (2018: 0.78 g/t) and an average silver grade of 10.35 g/t (2018: 7.94g/t). Tonnes crushed for the three months ended September 30, 2019 resulted in 9,738 contained gold ounces (2018: 9,888) and 150,733 contained silver ounces (2018: 100,242) stacked on the leach pad. The daily crushing rate was 4,922 tonnes per day (2018: 4,266).

Crushing throughput increased during the quarter as the Moss Mine was still ramping up operations during the quarter ended June 30, 2018 with commercial production being declared on September 1, 2018. Increased throughput was achieved as additional crews were run during the quarter compared to the previous year which decreased scheduled downtime. Although crushing throughput increased compared to the previous year, throughput decreased towards the end of the quarter as a portable crusher was brought in to eliminate a stockpile of oversized ore caused by drilling and blasting practices. Crushing of oversized ore continued into the second quarter.

Processing Operations

During the three months ended September 30, 2019 a total of 8,460 Au ounces (2018: 5,554) and 68,421 Ag ounces (2018: 20,536) were produced. Merrill Crowe plant recoveries were 96% for gold (2018: 69%) and 97% for silver (2018: 93%).

Continued refinement and changes have been implemented at the Moss Mine with regards to pad solution management strategies, heap pad inventory and Merrill Crowe optimizations. Ongoing columns and bottle roll testing continue to support the gold recovery rates at or above feasibility parameters and are quicker than expected compared to the feasibility study, recovering 60% within 45 days compared to the feasibility study estimate of 150 days. Heap pad inventory contained ounces in the central and west panels which were leached during the primary leach cycle but not returned for processing in the Merrill Crowe plant until this quarter and contributed to the strongest production quarter for the Moss Mine to date.

A number of optimizations were achieved in the Merrill Crowe plant early in the quarter which improved recoveries to industry standards compared to the prior periods. Plant flow has been consistent and topped out at 2,350-2,400 gallons per minute ("gpm") which is above the design capacity of 2,200 gpm.

Sales

During the three months ended September 30, 2019 the Company sold a total of 9,112 gold ounces and 73,495 silver ounces for total sales of $14,631 (2018: 950 gold ounces and 4,710 silver ounces sold, which were produced after commercial production commenced on September 1, 2018, for total sales of $1,194). Silver sales were effected through deliveries of silver to Maverix Metals Inc. ("Maverix") in accordance with the Silver Streaming Agreement. Average realized prices for the three months for gold and silver per ounce were $1,467 and $17.16 (2018: $1,202 and $14.72) respectively.

5. Financial Operating Results

For the three months ended September 30, 2019 the Company had operating income from mine operations before depreciation and depletion of $3,786 and $209 for the three months ended September 30, 2018 which included one month of commercial production at the Moss Mine.

An increase in finance costs for the three months ended September 30, 2019 was due to an increase in interest expense as capitalizing borrowing costs ceased upon commercial production and fair value losses on gold call options, derivative liabilities and the embedded derivative relating to the Company's silver stream. The gold call option loss was a result of the gold price increase with the options being exercised during the quarter. Non-cash fair value derivative losses relating to warrants were a result of the Company's share price increasing compared to the year ended June 30, 2019 and a non-cash fair value loss relating to the silver stream embedded derivative was due to rising silver prices during the quarter. Loss for the quarter included $4,984 of non-cash finance costs.

The loss for the three months ended September 30, 2019 and 2018 is comprised of the following items:

	Three Months Ended September 30,	
	2019	2018[1]
Operating income before depreciation and depletion	$ 3,786	$ 209
Depreciation and depletion	(3,300)	(179)
Earnings from mine operations	486	30
Corporate administrative expenses	(730)	(757)
Finance costs including non-cash fair value losses on derivatives	(5,471)	(521)
Foreign exchange gain	70	100
Net loss for the period	**$ (5,645)**	$ (1,148)

[1] The Moss Mine commenced commercial production effective September 1, 2018. In relation to this, 2018 figures shown in the table above reflect financial operating results for the one month ended September 30, 2018, being the first month of commercial production. Financial operating results from the Moss Mine prior to September 1, 2018 were capitalized to property, plant and equipment.

Earnings from Mine Operations

Earnings from mine operations for the three months ended September 30, 2019 and 2018 are comprised of the following:

	Three Months Ended September 30,	
	2019	2018[1]
Revenue	$ 14,550	$ 1,184
Production costs	(9,831)	(893)
Royalties	(933)	(82)
Operating income before depreciation and depletion	3,786	209
Depreciation and depletion	(3,300)	(179)
Earnings from mine operations	**$ 486**	$ 30

[1] The Moss Mine commenced commercial production effective September 1, 2018. In relation to this, 2018 figures shown in the table above reflect financial operating results for the one month ended September 30, 2018, being the first month of commercial production. Financial operating results from the Moss Mine prior to September 1, 2018 were capitalized to property, plant and equipment.

Earnings from mine operations, excluding depreciation and depletion, were $3,786 for the three months ended September 30, 2019 (2018: $209). During the three months ended September 30, 2019 the Company sold 9,912 gold ounces (2018: 950 gold ounces which were produced after commercial production commenced on September 1, 2018) with an average realized gold price of $1,467 (2018: $1,202). Operating income before depreciation and depletion related to the strongest quarterly sales since operations commenced at the Moss Mine and high metal prices. Revenue is presented net of treatment and refining costs which were $81 for the three months ended September 30, 2019 (2018: $10).

Production costs are comprised of mining, processing, maintenance, site administration and site share-based compensation net of inventory changes and include write-downs of inventories due to net realizable value. As Moss Mine operations continue to progress measures are being taken to optimize production and reduce costs.

Depreciation and depletion was $3,300 for the three months ended September 30, 2019 (2018: $179). Depletable mineral properties and most assets included in plant and equipment are depleted on a units of production basis over the life of the mine.

Royalties were $933 for the three months ended September 30, 2019 (2018: $82). Increases in royalties is directly related to an increase in revenue. Refer to Note 6 of the Company's September 30, 2019 Condensed Interim Consolidated Financial Statements for details relating to the Company's royalty obligations.

Corporate Administrative Expenses

A decrease in corporate administrative expenses of $27 for the three months ended September 30, 2019, compared to the three months ended September 30, 2018, was due to a decrease in marketing and investor relations expenditure which was mostly offset by an increase in share-based compensation relating to options granted in February 2019.

Other Income (Expenses)

Finance costs consist of interest expense, finance costs relating to the silver streaming arrangement, changes in fair value to gold call options and derivative liabilities and interest income.

An increase in finance costs for the three months ended September 30, 2019 was due to an increase in interest expense as capitalizing borrowing costs ceased upon commercial production and fair value losses on gold call options, derivative liabilities and the embedded derivative relating to the Company's silver stream. The gold call option loss was a result of the gold price increase and the options being exercised during the quarter. Non-cash fair value derivative losses relating to warrants were a result of the Company's share price increasing compared to the year ended June 30, 2019 and a fair value loss relating to the silver stream embedded derivative was due to rising silver prices during the quarter.

Cash Flows

Cash provided from operating activities during the three months ended September 30, 2019 was $3,347 (2018: cash used: $519) was primarily due to positive earnings from mine operations before depreciation and depletion which related to the strongest quarterly sales since operations commenced at the Moss Mine and high metal prices for the quarter.

Cash used in financing activities during the three months ended September 30, 2019 was $581 (2018: $1,202) and consisted of principal repayments of debt, interest on debt and principal repayments of the lease obligation.

Cash used in investing activities during the three months ended September 30, 2019 was $365 (2018: $2,328) and consisted primarily of expenditures to continue to optimize Moss Mine production and permitting activities relating to Phase III expansion onto unpatented claims.

6. Summary of Quarterly Results

	Three Months Ended September 30, 2019	**Three Months Ended June 30, 2019**	**Three Months Ended March 31, 2019**	**Three Months Ended December 31, 2018**	**Three Months Ended September 30, 2018**	**Three Months Ended June 30, 2018**	**Three Months Ended March 31, 2018**	**Three Months Ended December 31, 2017**
Revenue[1]	$ 14,550	$ 9,382	$ 8,577	$ 5,792	$ 1,184	$ -	$ -	$ -
Loss for the period	(5,645)[2]	(6,232)[3]	(1,334)[4]	(5,266)[5]	(1,147)	(109)	(881)	(628)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.03)	(0.01)	(0.00)	(0.01)	(0.00)

[1] As the Company was not in commercial production prior to September 1, 2018, there was no revenue recorded in periods prior to September 1, 2018.
[2] Included earnings from mining operations of $486, and fair value losses on derivative liabilities and gold call options of $2,931 and $613 respectively.
[3] Included a loss from mining operations of $2,004, and fair value losses on derivative liabilities and gold call options of $1,421 and $844 respectively.
[4] Included earnings from mining operations of $350 and a fair value gain on derivative liabilities of $487.
[5] Included a loss from mining operations of $603 and finance costs of $4,240.

Net loss decreased for the three months ended September 30, 2019 due to an increase in earnings from mine operations of $2,490 offset by non-cash fair value losses of $2,931 and $613 on derivatives and gold call options respectively.

Net loss increased for the three months ended June 30, 2019 due to non-cash fair value losses of $1,588 and $599 on derivatives and gold call options respectively. In addition, a decrease in earnings from mine operations of $2,354 primarily resulted from a net realizable value write down of the heap pad inventory in the amount of $3,034.

Net loss decreased for the three months ended March 31, 2019 due to non-cash fair value gains of $487 and $389 on derivatives and gold call options respectively, and a decrease of $1,391 in interest expense due to the discharge of the senior secured credit facility with Sprott Private Resource Lending in the previous quarter.

Net loss increased for the three months ended December 31, 2018 due to a loss from mining operations of $603, an increase in finance costs due to expensing $1,100 in finance costs relating to the senior secured debt facility which was discharged during the period, a fair value loss of $546 relating to a change in value in the Company's gold call options, and a non-cash fair value loss of $551 relating to derivatives.

Net loss increased for the three months ended September 30, 2018 due to earnings from mining operations of $32, an unrealized foreign exchange gain in the current quarter which was offset by an increase in borrowing costs as capitalization ceased upon the commencement of commercial production during the quarter.

Net loss decreased for the three months ended June 30, 2018 primarily due to a fair value gain of $396 relating to a change in value in the Company's gold call options compared to a fair value loss of $321 relating to the gold call options in the three months ended March 31, 2018.

Net loss increased for the three months ended March 31, 2018 primarily due to an increased fair value loss attributable to a change in value in the Company's gold call options and other expenses related to field exploration conducted in the surrounding Oatman District.

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

7. Mine Permitting

The Company is fully permitted to operate an open pit, heap leach operation with gold and silver recovery on patented claims owned by the Company.

During the three months ended September 30, 2019 the Company's permitting efforts continued to be focused on the acquisition of Federal permits required to expand mining, leaching and exploration operations beyond the patented claims onto adjacent Federal lands administered by the Bureau of Land Management ("BLM"). These efforts included the preparation of environmental studies surface disturbance plan and exploration plan which resulted in the filing of a combined Exploration and Mine Plan of Operations ("MPO"). On August 29, 2019 the BLM held an Open House Public Scoping Meeting as required by the National Environmental Policy Act ("NEPA") and attended by the BLM Kingman and Lake Havasu Field Offices, Company personnel and about 40 members of the public.

NEPA requires that an Environmental Assessment ("EA") be conducted by the BLM or an independent consultant reporting to the BLM. Administrative copies of the EA have been submitted to the BLM for comment and the comments have been included in the draft copy of the EA. The EA draft is scheduled to be made available for public comment in late December 2019.

Approval of the MPO, including statutory requirements for public input and environmental assessment leading to a Finding of No Significant Impact and a Decision Record is necessary for the Company to access, mine and process the entire mineral resource identified in the Preliminary Economic Assessment (technical report dated November 22, 2017). Future expansions of the resource along strike and to depth are also possible and proposed future exploration activities on the adjacent federal lands are also included in the MPO.

8. Exploration

During the three months ended September 30, 2019 the Company initiated a reverse circulation infill drilling program within the western extension resource area. The western extension resource area is within the current pit of the Moss Mine and the purpose of the program is to expand and confirm current resources.

The final drill pads have been completed, and as of the date of this MD&A, 21 holes have been completed for a total of 9,980 feet of drilling. Eight holes totaling 4,000 feet of drilling remain to be completed. The program is expected to run until the middle of the second fiscal quarter at which time assays will be completed and results will become available.

9. Liquidity and Capital Resources

As at September 30, 2019, the Company had cash of $5,861 (June 30, 2019: $3,444). The increase in cash compared to the year ended June 30, 2019 was primarily due to positive earnings from mine operations before depreciation and depletion which related to the strongest quarterly sales since operations commenced at the Moss Mine and high metal prices for the quarter.

During the three months ended September 30, 2019, working capital decreased by $2,810 from a surplus to a deficit of $1,869. The decrease in working capital was primarily due to an increase in the current portion of debt relating to a short term payment facility after 6,000 gold call options were exercised during the quarter.

The Company has taken measures to increase working capital subsequent to September 30, 2019 including consolidating and extending the maturity dates of $8,500 in convertible debentures as described below. Ongoing liquidity needs will be funded from operating cash flows from production of the Moss Mine and future financings if required.

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

10. Subsequent Events

Subsequent to September 30, 2019:

- 704,166 shares of the Company were issued.
- The Company agreed to consolidate and extend the maturity dates of the 2018 convertible debentures and $2,500 of the 2019 debt facility 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 $4,500 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, and subject to the holder 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.

11. Contractual Obligations

At September 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)]	$	11,500	$	4,266	$	-	$	-	$	**15,766**
Trade and other payables		8,296		-		-		-		**8,296**
Lease commitments[(2)]		3,151		3,118		36		-		**6,305**
Provision for reclamation[(3)]		-		-		-		2,665		**2,665**
	$	**22,497**	**$**	**7,384**	**$**	**36**	**$**	**2,665**	**$**	**33,032**

(1) Includes interest due on convertible debenture and debt.
(2) Includes lease obligation and operating lease commitments.
(3) Represents the undiscounted value of the reclamation provision.
(4) Subsequent to September 30, 2019 the Company consolidated and extended the maturity dates of convertible debentures in the amount of $8,500.

12. Off-Balance Sheet Arrangements

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

13. Related Party Transactions

Related party transactions were incurred in the normal course of business and measured at their fair value as determined by management.

Related party balances are as follows:

		September 30, 2019		September 30, 2018
Shared office expenses receivable	**$**	**8**	$	9
Consulting fees payable	**$**	**8**	$	8

Related party transactions are as follows:

	Note		**September 30, 2019**		September 30, 2018
Consulting fees	(i)	**$**	**22**	$	36
Shared office expense recovery	(ii)	**$**	**(7)**	$	(16)

(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 charged to and from a company with directors in common are included in marketing and travel, and other general expenses.

Commitments with Related Parties

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

Debt with a significant shareholder

As at September 30, 2019, the Company has two outstanding non-revolving loan facilities 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:

		September 30, 2019		June 30, 2019
Convertible debentures – 2018	**$**	**5,963**	$	5,961
Debt facility - 2019	**$**	**3,000**	$	2,973

Transactions with the significant shareholder are as follows:

		September 30, 2019		September 30, 2018
Interest expense	**$**	**275**	$	186

14. Key Management Personnel Compensation

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

		September 30, 2019		September 30, 2018
Salaries and short-term benefits	**$**	**195**	$	186
Shared-based payments	**$**	**120**	$	38

15. Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (BC) ("Corporations Act") dealing with any conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

16. Proposed Transactions

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

17. Adoption of New Accounting Standards

Adoption of new accounting standards have been disclosed in Note 3 of the Company's Condensed Interim Consolidated Financial Statements for the three months ended September 30, 2019 and 2018.

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

Pronouncements that may have a significant impact to the Company have been included in the Company's Condensed Interim Consolidated Financial Statements for the three months ended September 30, 2019 and 2018.

19. Corporate Governance

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

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

20. Outstanding Share Data

The total number of outstanding common shares, stock options, and warrants as of the date of this MD&A are 246,455,903, 13,435,000 and 95,688,947 respectively.

21. 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 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. Accounts receivable at September 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. A summary of contractual maturities of financial liabilities in included in Note 24 of the Company's Condensed Interim Consolidated Financial Statements for the three months ended September 30, 2019 and 2018.

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.

(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 USD in relation to CAD 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. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(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 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 $1,343 on the condensed interim consolidated statements of loss and comprehensive loss. A 10% fluctuation in the price of silver would result in an impact of approximately $125 on the condensed interim consolidated statements of loss.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. I 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 date would increase annual interest expense by $59. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

22. Risks and Uncertainties

The Company is in the business of acquiring, developing and operating mineral properties. It is exposed to a number of risks and uncertainties that are common to other mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks.

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

Need for Additional Funds

The Company has no history of profitable operations and is subject to many risks common to other companies in the same business, including under-capitalization and resource limitations. The Company may require additional capital to continue the operations of the Moss Mine or to continue as a going concern. There can be no assurance that such capital will be available or, if available, will be on reasonable terms.

Exploration and Development

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

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

Metal Prices

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

Title Risks

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

Environmental Regulations, Permits and Licenses

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

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

Taxation Risk

Due to the complexity and nature of the Company's operations various income tax positions are required to be taken. No assurance can be given that applicable tax authorities will not issue a reassessment or challenge these positions.

Competition and Agreements with Other Parties

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

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

Economic Conditions

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

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result and other persons would be required to manage and operate the Company.

23. Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Management is responsible for the preparation and integrity of the Financial Statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

Management is also responsible for the design of the Company's internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

Readers are cautioned that the Company is not required to certify the design and evaluation of its disclosure controls and procedures and internal controls over financial reporting and has not completed such an evaluation. The inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis disclosure controls and procedures and internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

24. Cautionary Note Regarding Forward-Looking Information

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

25. Approval

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

26. Additional Information

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