



NORTHERN VERTEX
MINING CORP

**Management's Discussion and Analysis
for the Three Months Ended March 31, 2021**

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NORTHERN VERTEX MINING CORP.

Management's Discussion and Analysis for the Three Months Ended March 31, 2021

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 May 20, 2021 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 March 31, 2021. This MD&A provides information on the operations of the Company for the three months ended March 31, 2021 and should be read in conjunction with the condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020 and related notes thereto (the "Financial Statements"), as well as the audited annual consolidated financial statements for the six months ended December 31, 2020, 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 company, engaged in the acquisition, exploration, development and operation of mineral properties 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. The Company also holds the Hercules exploration property, located in Lyon county Nevada, which was acquired as a result of the merger with Eclipse Gold. 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 are to generate positive cashflow from operations, growth of the Moss mine reserve and to acquire assets assertively leading to the long term growth of the company.

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

2. First Fiscal Quarter 2021 Operating and Financial Highlights

- During the quarter the Moss Mine produced 8,787 gold ounces and 84,382 silver ounces.
- Gold and silver sales of 8,121 gold ounces and 71,931 silver ounces with average realized prices per ounce of \$1,801 and \$26.04 respectively. Total revenue of \$16,402.
- The crushing plant processed 692,688 tonnes of ore with an average gold grade of 0.48 g/t and an average silver grade of 6.88 g/t.
- Cash costs for the quarter were \$1,148 per ounce sold tied to sales of 8,121 gold ounces (refer section 24).
- Moss mine All In Sustaining Cost ("AISC") for the quarter was \$2,041 per ounce sold, which included \$884 per ounce in capital expenditures tied to exploration and a heap leach pad expansion totaling \$6,813 (refer section 24 for reconciliation to non-IFRS performance measures).
- Operating income from mine operations, before depreciation and depletion, was \$5,297.
- Cash on hand at March 31, 2021 was \$13,892, and working capital (current assets less current liabilities) improved by \$5,192 over the previous quarter.

3. Acquisition of Eclipse Gold Mining Corporation

On February 12, 2021 (the “Closing”), the Company acquired Eclipse Gold Mining Corporation (“Eclipse”) in exchange for consideration of 1.09 of a common share of the Company for each common share of Eclipse. 108,960,127 common shares were issued on Closing with a fair value of \$39,432 based on a C\$0.46 market price per share on Closing.

The acquisition was accounted for as an asset acquisition. Significant judgment and estimates were required to determine that the application of this accounting treatment was appropriate for the transactions. These included, among others, the determination that Eclipse was not considered a business under IFRS 3 – Business Combinations, as Eclipse did not have significant inputs, processes and output, that together constitute a business.

About Eclipse

Eclipse is an exploration stage mining company with one wholly-owned direct subsidiary, Alcmene Mining Inc. (a British Columbia-based company) and one indirect wholly-owned subsidiary (which is 100% by Alcmene Mining INC), Hercules Gold USA, LLC, a Nevada-based company.

On August 9, 2019, Hercules Gold entered into an agreement with Great Basin Resources, Inc and Iconic Minerals Ltd. For an option to obtain 100% interest in the Hercules Project, comprising certain unpatented mining claims located in Lyon County, Nevada. The option agreement has a maximum term of 12 years from February 18, 2020.

The Hercules Project, part of the Como mining district, is located approximately 40 kilometers southeast of the city of Reno, in Lyon County, Western Nevada. A total of 1,323 unpatented and four patented lode mining claims comprise the Hercules Project property, and covers approximately 10,000 hectares, which are owned or controlled by Eclipse.

Mineralization at the Hercules Project displays the characteristics of a low sulphidation epithermal gold-silver system; these types of deposits are found throughout the Walker Lane Belt. Eclipse conducted historic data compilation, mapping, sampling, various geological and geochemical studies, a property-scale airborne geophysical survey, and a total of 11 km of RC drilling on various targets were completed on the property.

4. COVID-19 Update

The COVID-19 pandemic has significantly impacted the global economy, disrupted global supply chains, and it has created significant volatility in the financial markets. While the impact of the COVID-19 pandemic on Northern Vertex’s operational performance to-date has been minimized, future impacts depend on duration and severity, and related restrictions. The Company has not incurred any disruptions in sales of gold, however, it has incurred additional costs in purchasing extra maintenance and operating supplies, as well as advancing disinfecting protocols to ensure business continuity over an extended period.

To maintain business continuity plans, the Company has implemented controls at our mine and offices including strict safety protocols related to:

- Physical distancing of all staff in work locations,
- Implementation of remote work and video conferencing,
- Cancellation of non-essential travel since early March 2020,
- Monitoring employee and contractor temperatures,
- Questionnaire screening prior to arrival or entry to our mine, and
- Daily deep cleaning and sanitization of surfaces;

The economic impact of the pandemic and related government stimulus packages have served to strengthen gold prices. The Company expects gold prices to remain strong while uncertainty in global financial markets continue, interest rates remain at historical lows and as governments continue stimulus efforts. Given the continuing uncertainty, management

has worked to maximize liquidity and the Company is confident that it has sufficient liquidity on hand to continue business operations during this volatile period.

5. Change in year end

In an effort to bring the Company's financial reporting cycle in line with common practice for the mining industry and for better comparability to its peers, the Company changed its year end to December 31. The Company's transition period was the six months ended December 31, 2020. The comparative period is the three months ended March 31, 2020.

The length of the ending date of the periods, including the comparative periods, of the interim and annual financial statements to be filed for the transition year and new financial year are:

Transition Year	Comparative Annual Financial Statements to Transition Year	New Financial Year	Comparative Annual Financial Statements to New Financial Year	Interim Periods for the Transition Year	Comparative Interim Periods to Interim Periods in Transition Year	Interim Periods for New Financial Year	Comparative Interim Periods to Interim Periods in New Financial Year
Six months ended December 31, 2020	Twelve months ended June 30, 2020	December 31, 2021	Six months ended December 31, 2020 and twelve months ended June 30, 2020.	N/A	N/A	Three months ended March 31, 2021 Six Months ended June 30, 2021 Nine months ended September 30, 2021	Three months ended March 31, 2020 Six Months ended June 30, 2020 Nine months ended September 30, 2020

6. Operating Statistics

		Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Mining			
Ore mined	t	705,654	572,104
Waste mined	t	1,516,453	852,671
Total mined	t	2,222,107	1,424,775
Strip ratio	waste/ore	2.15	1.49
Crushing			
Tonnes stacked	t	692,688	544,067
Tonnes stacked per day (average)	tpd	7,697	5,979
Contained gold ounces stacked	oz.	10,704	12,049
Contained silver ounces stacked	oz.	153,275	209,492
Gold grade	g/t	0.48	0.69
Silver grade	g/t	6.88	11.98
Processing			
Merrill Crowe recovery – gold	%	99	97
Gold ounces produced	oz.	8,787	7,379
Silver ounces produced	oz.	84,382	58,604
Sales			
Gold ounces sold	oz.	8,121	7,469
Silver ounces sold ¹	oz.	71,931	89,433

¹ Includes silver ounces purchased and on-sold to final customer to deliver deferred ounces relating to silver streaming agreement.

7. 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 March 31, 2021 a total of 705,654 tonnes (2020: 572,104) of ore was mined at a strip ratio of 2.15 (2020: 1.49).

Mining operations have been transformed from September of 2020 through March of 2021 with the ramp up of operations in the West pit, consistent production and operating procedures in the East pit, and the closure of daily operations in the Center pit. The West pit is now fully mature with large production benches that support efficient mining operations. Further infill drilling is planned for the West pit as the location and grade of the vein system in the West pit has deviated from the original ore model, with grades appearing to exceed model as mining progresses into the main body of the vein, while ore location of the primary vein is further to the south side of the West pit. Mining in the East pit continues to encounter pods of high-grade material, with extra waste movement due to a small slough in the south wall of the East pit.

While headgrades have trended down since 2020 as ore supplied by the Center pit was replaced with lower grade material from the West pit, however, the Moss mine ore model has continued to demonstrate consistent/positive reconciliation to the ore model during the quarter, and the improved geological model has supported higher confidence in the mine plans since the start of the mining operations in 2018. As noted in previous quarters, the ore sourced from the pits continues to demonstrate consistent metallurgy across the Moss vein, but mining in the East pit has yet to encounter the breadth of stockworks found in the Center pit.

The strip ratio during the quarter was significantly higher as mining in the East pit included 50,000 tons of waste movement tied to the slough in the south wall of the East pit. The strip ratio will come down as the West pit is demonstrating a strip ratio of approximately 1:1, with more than 65% of the ore sourced through the rest of 2021 coming from the West pit.

Crushing Operations

During the three months ended March 31, 2021 the average daily crushing rate was 7,697 tonnes (2020: 5,979), resulting in a total of 692,688 crushed tonnes (2020: 544,067) at an average gold grade of 0.48 g/t (2020: 0.69 g/t) and an average silver grade of 6.88 g/t (2020: 11.98 g/t). Stacked gold ounces for the quarter were 10,704 (2020: 12,049).

As drill and blast operations are now stabilized, ore feed sizes to the crusher are meeting historic norms, and the crusher has demonstrated consistent throughput rates of 10,000 tons per full operating day. Management is addressing various bottlenecks, such as down time due to conveyor moves, blockages tied to large rocks in the feed hopper, and feed loader restrictions, in order to increase daily crushing rates towards an average of 10,000 tons per day.

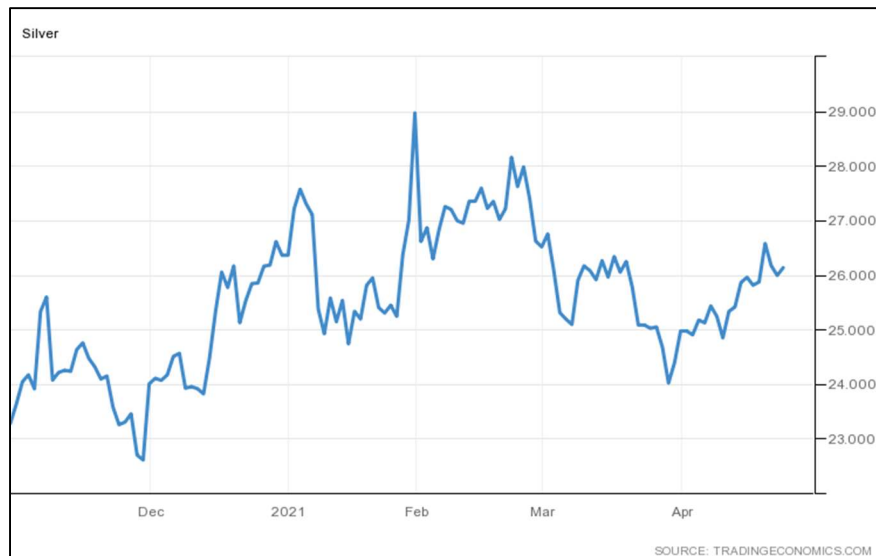
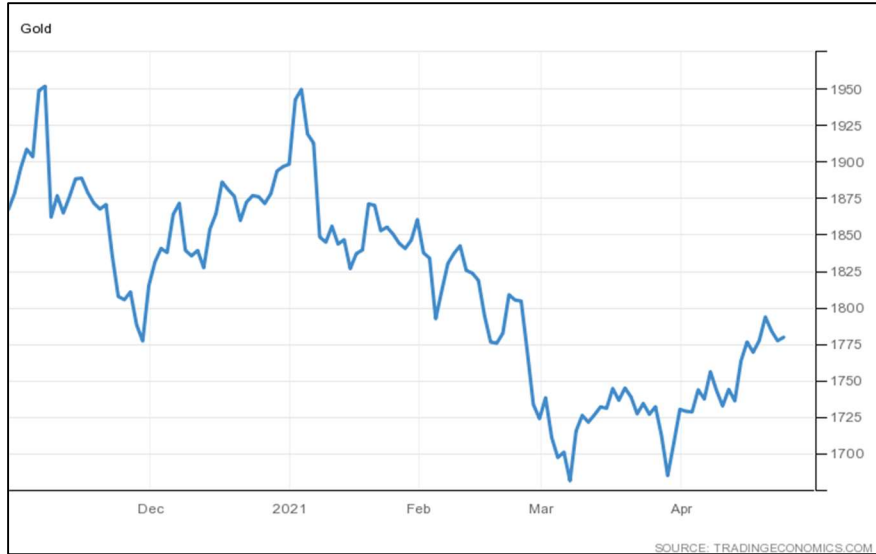
Mechanical availability on the crushing system remained excellent at 97.9%.

Processing Operations

During the three months ended March 31, 2021, a total of 8,787 Au ounces (2020: 7,379) and 84,382 Ag ounces (2020: 58,904) were produced. Heap pad recoveries continue are trending at an aggregate 70% as new crushed tons and associated gold inventories offset pad drawdowns – with project to date recoveries slightly over 70%.

Sales

Northern Vertex continues to benefit from high gold prices. Average realized gold and silver prices for the current quarter were \$1,801 and \$26.04 respectively, in comparison to \$1,560 and \$16.57 respectively for the comparative quarter.



During the quarter, the Company sold a total of 8,121 gold ounces at an average price of \$1,801/oz, and 71,931 silver ounces at \$26.04/oz, for total revenue of \$16,402.

8. Summary of quarterly results

	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019
Revenue	\$ 16,402	\$ 25,910	\$ 26,829	\$ 18,070	\$ 13,088	\$ 11,253	\$ 14,550	\$ 9,382
Operating income before depreciation and depletion	5,297	11,807	11,955	7,285	5,214	2,343	3,786	542
Profit (loss) for the period	(1,575)	11,675	(18,783)	3,944	7,511	(5,080)	(5,645)	(6,232)
Basic profit (loss) per share	(0.00)	0.05	(0.07)	0.02	0.03	(0.02)	(0.02)	(0.02)
Cash provided by (used in) operating activities	(104)	2,866	10,742	3,932	2,445	393	3,348	103

The loss of \$1,575 for the three months ended March 31, 2021 was driven by a \$1,638 non-cash loss on derivative liabilities, despite strong earnings from mine operations before depreciation and depletion of \$5,297 for the quarter, which were partially offset by finance costs of \$1,566, of which \$1,093 were non-cash finance costs.

Further information relating to factors which have caused period to period variations is included in the Financial Operating Results, and *Results of Operations* sections of this MD&A.

Cash Costs & All-in sustaining costs (AISC)

AISC includes total cash costs, sustaining capital expenditures, accretion on decommissioning and restoration provision, treatment and refinery charges netted against revenue and corporate administrative expenses, all divided by gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. Please refer to section 24 for a complete explanation on non-GAAP measures.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gold ounces produced	8,787	7,379
Gold ounces sold	8,121	7,469
AISC reconciliation		
Cash costs	\$ 9,326	\$ 6,441
Sustaining capital expenditures ¹	7,181	870
Accretion on reclamation obligation	68	90
	16,575	7,401
Moss Mine Cash Cost per ounce produced	1,061	873
Moss Mine AISC per ounce produced	1,886	1,003
Moss Mine Cash Cost per ounce sold	1,148	862
Moss Mine AISC per ounce sold	\$ 2,041	\$ 991

AISC of \$2,041 per ounce sold (\$1,886 produced) includes capital expenditures of \$884 per ounce for the construction of a new heap leach pad and near-mine exploration.

9. Financial Operating Results

The Company had quarterly operating income before depreciation and depletion for the current quarter of \$5,297 versus \$5,214 for the quarter ended March 31, 2020. The improvements to income were driven by higher gold and silver production/sales and higher metals prices.

Earnings from Mine Operations

Earnings from mine operations for the three months ended March 31, 2021 and 2020 are comprised of the following:

	Three Months Ended	
	March 31,	
	2021	2020
Revenue	\$ 16,402	\$ 13,088
Production costs	(10,203)	(7,102)
Royalties	(902)	(772)
Operating income before depreciation and depletion	5,297	5,214
Depreciation and depletion	(2,177)	(2,195)
Earnings from mine operations	\$ 3,120	\$ 3,019

Operating income excluding depreciation and depletion was \$5,297 for the quarter (2020: 5,214). The Company sold 8,121 gold ounces during the quarter (2020: 7,469) at an average realized gold price of \$1,801 (2020: \$1,560), and 71,931 silver ounces (2020: 89,433) at \$26.04 (2020: \$16.57). Revenue is presented net of refining costs which were \$93 for the three months ended March 31, 2021 (2020: \$49).

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. The increase in production costs for the quarter is directly related to tonnes mined, which increased by 23% in the quarter ended March 31, 2021 compared to the comparative quarter.

Depreciation and depletion were \$2,177 for the three months ended March 31, 2021 (2020: \$2,195). 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.

Increases in royalty expenses for the quarter is directly related to higher revenue. As operations have moved away from the West pit the overall royalty rate will decline from 6% to approximately 4.75%. Refer to Note 6 of the Company's March 31, 2021 condensed interim consolidated financial statements for details relating to the Company's royalty obligations.

Net Profit

The net income (loss) for the three months ended March 31, 2021 and 2020 is comprised of the following items:

	Three Months Ended	
	March 31,	
	2021	2020
Operating income before depreciation and depletion	\$ 5,297	\$ 5,214
Depreciation and depletion	(2,177)	(2,195)
Earnings from mine operations	3,120	3,019
Corporate administrative expenses	(1,573)	(645)
Finance costs	(1,566)	(1,171)
Gain (loss) on revaluation of derivative liabilities	(1,638)	5,760
Foreign exchange gain	82	548
Net income (loss) for the period	\$ (1,575)	\$ 7,511

The loss for the quarter ended March 31, 2021 of \$1,575 (2020: income of \$7,511), was a result of non-cash revaluation losses of \$1,638 relating to the silver stream embedded derivative, despite strong earnings from mine operations before depreciation and depletion of \$5,297 for the quarter, which were partially offset by finance costs of \$1,566, of which \$1,093 were non-cash finance costs. Corporate administrative expenses increased by \$928 largely due to a one-time severance payment of \$857.

Cash Flows

Cash used in operating activities during the three months ended March 31, 2021 was \$104 (2020: cash provided of \$2,445). The reduction compared to previous quarters is due to reduced production/revenue due to lower grade material from the West pit.

Cash used in financing activities during the three months ended March 31, 2021 was \$479 (2020: \$1,053) which consisted of debt and lease repayments totalling \$575 and interest payments of \$96. These payments were partially offset by proceeds from stock option exercise of \$192.

Cash provided by investing activities during the three months ended March 31, 2021 was \$6,318 (2020: cash used \$2,399) which included \$13,083 of cash acquired as a result of the Eclipse Gold purchase, which was partially offset by \$6,169 of expenditures largely tied to construction of a new heap leach pad and exploration drilling.

10. Exploration

Moss Project, Mohave County, Arizona

The multi-phase in-fill and resource expansion drilling program which commenced in May 2020, continued through the first quarter of 2021, and is expected to continue for the rest of the year. Approximately 48,980 feet were drilled in 66 drillholes, including 31,305 ft in 46 reverse circulation (RC) drillholes and 17,675 ft in 20 diamond core drillholes. Diamond core drilling and six of the RC drillholes (4,880 ft) targeted the intersection between the Ruth and Moss veins under the existing center and East pit. A total of 24 (15,130 ft) of the RC drillholes were drilled into the Eastern Extension of the Moss vein, 15 RC drillholes (10,495 ft) were drilled in the West pit area, and one RC drillhole (800 ft) was drilled into the Western Extension of the Moss vein. No gold and silver assay results were reported this quarter. Numerous significant intercepts have been reported during the drilling program, and mineralization has been demonstrated to extend well beyond the current life of mine pit limits.

Hercules Project, Lyon County, Nevada

Results were reported for the 28 RC drillholes (7,320 m) completed as part of the Hercules Phase II drilling program conducted in 2020. Drilling was focussed on the Hercules and Cliffs targets and epithermal gold-silver mineralization was intersected in 26 of the 28 drillholes. Highlights included 30.48 m grading 1.63 g/t Au and 18.27 g/t Ag, and 39.62 m grading 1.12 g/t Au and 5.38 g/t Ag, as well as the discovery of a potential new zone between the two targets.

Surface exploration continued on the Hercules Project for the first quarter of 2021. This included permitting (Notices of Intent for drilling on Como-Comets and Sirens targets), surface mapping, surface rock chip sampling, TerraSpec clay mineral mapping of existing drill core, reverse circulation (RC) chip samples, and surface rock samples, biogeochemical sampling along three trial traverse lines extending across the Lucky Rusty, Loaves, and Northeast targets, interpretation of property-scale airborne geophysical survey data, exploration target generation and prioritization, and 3D geological modelling.

At least 45 new exploration targets were identified and reported following interpretation of the property-scale airborne geophysical data.

11. Liquidity and Capital Resources

As at March 31, 2021, the Company had cash and cash equivalents of \$13,892 (2020: \$8,285). The increase in cash compared to the year ended December 31, 2020 was primarily due to the acquisition of Eclipse Gold Mining Corp. which provided \$13,083 in cash reserves.

During the three months ended March 31, 2021, working capital increased by \$5,192 to \$16,112. The increase in working capital was primarily due to the acquisition of Eclipse, partially reduced by increases to trade and other payables and non-cash derivative liabilities.

The Company is in compliance with externally imposed debt covenants relating to its debt facilities and lease obligations as at March 31, 2021.

12. Subsequent Events

The Company performed a review of events subsequent to March 31, 2021 through the date the condensed interim consolidated financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

13. Contractual Obligations

At March 31, 2021, the Company had the following contractual obligations outstanding:

	Within 1 year	2-3 years	4-5 years	5+ years	Total
Debt ⁽¹⁾	\$ 503	\$ 1,005	\$ 4,118	\$ 2,184	\$ 7,810
Trade and other payables	12,653	-	-	-	12,653
Lease commitments ⁽²⁾	1,965	400	136	-	2,501
Silver transfer	2,668	4,011	2,985	720	10,384
Provision for reclamation ⁽³⁾	-	-	-	2,896	2,896
	\$ 17,789	\$ 5,416	\$ 7,239	\$ 5,800	\$ 36,244

⁽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.

14. 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.

15. 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:

	March 31, 2021	December 31, 2020
Shared office expenses receivable	\$ 7	\$ 11

Related party transactions are as follows:

	Note	March 31, 2021	March 31, 2020
Consulting fees	(i)	\$ 11	\$ 22
Shared office expense recovery	(ii)	\$ (17)	\$ 1

(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.

Debt with a significant shareholder

On December 1, 2020, the Company repaid a convertible debenture with a significant shareholder.

Transactions with the significant shareholder are as follows:

	March 31, 2021	March 31, 2020
Interest expense	-	257

16. Key Management Personnel Compensation

The remuneration of the Company's directors and other key management personnel for the three months ended March 31, 2021 and 2020 is as follows:

	March 31, 2021	March 31, 2021
Salaries and short-term benefits	\$ 1,060	\$ 213
Shared-based payments	56	120

17. 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.

18. Proposed Transactions

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

19. Adoption of New Accounting Standards

No new accounting standards have been adopted during the three months ended March 31, 2021.

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

There were no pronouncements that may have a significant impact to the Company during the three months ended March 31, 2021.

21. Corporate Governance

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 composed 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.

22. Outstanding Share Data

The total number of outstanding common shares, stock options, and warrants as of the date of this MD&A are 383,072,851, 15,356,750 and 69,444,250 respectively.

23. 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 condensed interim 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 March 31, 2021 related primarily to goods and services tax 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 is included in Note 23 of the Company's Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2021 and 2020.

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

The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation and political and economic conditions.

The value of the silver stream embedded derivative will fluctuate with changes in the price of silver which will affect future earnings. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which is 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 \$48. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

24. Non-IFRS Performance Measures

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. All dollar amounts are expressed in thousands of USD, with the exception of amounts expressed as USD per ounce.

Total cash costs

Total cash costs is a common financial performance measure in the gold mining industry but has no standard meaning. The Company reports total cash costs on a gold ounce sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain investors can use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor the Moss mine's operating cost and performance.

Total cash costs include cost of sales such as mining, processing, maintenance, site administration, royalties, selling costs and changes in inventories as well as site-based share compensation less non-cash depreciation and depletion and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Other companies may calculate

this measure differently. The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gold ounces sold	8,121	7,469
Cost of sales per ounce sold reconciliation		
Cost of sales	\$ 13,282	\$ 10,069
Cost of sales per ounce of gold sold	\$ 1,636	\$ 1,348
Cash costs reconciliation		
Cost of sales	\$ 13,282	\$ 10,069
Less: Depreciation and depletion	(2,177)	(2,195)
Add: Refining and transportation	94	49
Less: Silver revenue	(1,873)	(1,482)
Cash costs	9,326	6,441
Cash costs per ounce of gold sold	\$ 1,148	\$ 862

All-in sustaining costs (AISC)

The Company believes that AISC more fully defines the total costs associated with the operation of the Moss mine and producing gold. The Company calculates AISC as the sum of total cash costs (as described above), sustaining capital expenditures, accretion on decommissioning and restoration provision, treatment and refinery charges netted against revenue and corporate administrative expenses, all divided by gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

The following tables reconcile this non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gold ounces sold	8,121	7,469
AISC reconciliation		
Cash costs	\$ 9,326	\$ 6,441
Sustaining capital expenditures	7,181	870
Accretion	68	90
	16,575	7,401
Moss Mine AISC per ounce sold	\$ 2,041	\$ 911

AISC for the three months ended March 31, 2021 is higher than the three months ended March 31, 2020 due to significant investment in capital projects during the quarter, including \$5,000 on the construction of a new heap leach pad. Capital projects contributed \$884 per ounce to AISC during the quarter.

Average realized price and average realized cash margin

Average realized price and average realized cash margin per ounce sold are used by management and investors to better understand the gold price and cash margin realized throughout a period.

Average realized price is calculated as revenue per the Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss) in the Company's March 31, 2021 Condensed Interim Consolidated Financial Statements with adjustments as noted below, less silver revenue divided by gold ounces sold. Average realized cash margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Gross Revenue	14,622	11,655
Gold ounces sold	8,121	7,469
Average realized price per ounce sold	1,801	1,560
Less: cash cost per ounce sold	(1,148)	(862)
Average realized margin per gold ounce sold	653	698

25. Risks and Uncertainties

The Company is in the business of acquiring, developing and operating mineral properties. It is exposed to several 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 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.

26. 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.

27. 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 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 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.

28. Approval

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

29. 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.