

NORTHERN VERTEX MINING — Ten-year overnight success

by Robert Simpson

Successfully financing, commissioning and operating a 7,500 tonnes per day gold/silver mine is not for the faint of heart – especially in an unpredictable metals market. Yet, **Northern Vertex Mining Corp.** [NEE-TSXV; NHVCF-OTC NASDAQ Intl] defied naysayers by commissioning the Moss Mine in northwest Arizona last September, and now, six months later, has achieved a milestone of 1,000 ounces of gold production over just an eight-day period.

What appears to be an overnight success, started years ago. In 2011, Northern Vertex optioned Moss by agreeing to buy 70% of the project for US \$500,000, US \$8 million on exploration over five years and delivering a bankable feasibility study (BFS).

During the next four years (2011-2015) the company expanded resources and started plugging the numbers into a feasibility study that envisioned open pit mining with crushing, agglomeration and stacking of ore onto a conventional heap leach pad.

Soon after delivering the BFS, Northern Vertex agreed to purchase a 100% working interest in the Moss Mine for CDN \$1,500,000 plus the retention of a 3% net smelter return royalty. While the project potential looked good and the PEA was favourable, finding funds to complete the work to explore, complete engineering and construct a mine, required creative thinking.

To raise over US \$125 million required to move the project forward and build the mine, Northern Vertex relied on a combination of non-brokered placements and credit facilities that featured Sprott Private Resource Lending contributing a US \$20 million credit facility, with Greenstone Resources providing US \$25 million through equity financing.

In December 2018, the company negotiated a silver streaming agreement with **Maverix Metals** comprising a US \$20 million upfront payment to retire the Sprott US \$20 million senior debt facility, thus eliminating US \$1.3 million in monthly payments. Simultaneously, the company closed a private placement totaling US \$10 million for working capital, mine optimization and future exploration.

The silver streaming agreement entitles Maverix to take delivery of 3.5 million ounces of silver by paying 20% of the spot price to the company. Once the 3.5-million-ounce threshold is met, the silver is spilt 50-50.

“With the silver stream in place and senior debt paid off, the company should greatly benefit from improved cash flow to be used towards mine optimization and exploration programs



Crushers at the Moss gold/silver mine in northwest Arizona. Photo courtesy Northern Vertex Mining Corp.

focused to extend mine life,” Ken Berry, President and CEO of Northern Vertex said. “These potential improvements are what initially caught the eye of Maverix as well as other institutional investors, who believe this project has tremendous exploration upside. Multiple targets have been outlined to drill in the near future and that’s really where a lot of the upside is for this company.”

The focus is on resource expansion along strike extensions where gold mineralization remains open and is known from previous drilling and surface sampling.

Mineralization is contained within steep to moderate-dipping veins and stockworks in true widths up to 45 feet wide. Drilling has defined mineralization along a strike of 5,000 feet and an average depth of 500 feet which is open at depth and along strike.

Several mineralized areas occur along strike to the west, namely the Mordor, Reynolds and Far West. Historic drilling has returned results such as Reynolds holes WO 91-06 (26 m of 0.446 ppm Au) and WO-91-07 (98 m of 0.496 ppm Au). The Moss resource is also open to the east (known as the Eastern Extension), where previous drill holes stopped short of the Moss Vein.

The Moss Project has reserves of 288,010 ounces of gold at 0.92 g/t gold equivalent and combined measured and indicated resource of 435,000 ounces of gold at 0.87 g/t gold equivalent.

The PEA outlined a 10-year mine life and a 63% IRR before taxes with an all-in sustaining cost at US \$603/oz gold.

Commercial production was announced on September 1, 2018. The feasibility study initially called for 19,000 ounces of gold in year one while ramping up production to 5,000 tonnes per day after the first 13 months. The company, however, ramped up production to 5,000 tonnes per day within the first four months of operation (last month hitting 8,000 tonnes) and is now predicting significantly higher gold production with guidance calling for 35,000-40,000 ounces in 2019 and 55,000-65,000 ounces in 2020.

“We are working through the speed bumps which are not unusual for heap leach projects during start-up such as grade control, crushers, processors and training a staff of 100 people,” said Berry who suggested more mine efficiencies will be achieved. ■