NORTHERN VERTEX

MINING CORP

Management's Discussion and Analysis
for the Three Months Ended September 30, 2018

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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 28, 2018 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, 2018. This MD&A provides information on the operations of the Company for the three months ended September 30, 2018 and should be read in conjunction with the condensed interim consolidated financial statements and related notes thereto (the "Financial Statements"), as well as the audited annual consolidated financial statements for the year ended June 30, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All currency amounts are expressed in Canadian ("CDN") dollars, unless otherwise noted.

Unless otherwise indicated, the technical disclosure contained within this MD&A has been reviewed and approved by Mr. L.J. Bardswich, P.Eng., 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 gold-silver deposit (the "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 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 a listed issuer on the TSX Venture Exchange ("TSXV") and its common shares trade under the symbol NEE.

2. First Fiscal Quarter 2019 Operating and Financial Highlights

- Commissioning of the crushing plant, Merrill Crowe plant and refinery were completed and the Company declared commercial production at the Moss Mine on September 1, 2018.
- During the quarter the Company stacked 11,875 contained gold ounces and produced 5,554 gold ounces.
- The crushing plant processed 472,915 tonnes of ore with an average gold grade of 0.78 g/t and an average silver grade of 7.94 g/t.
- Gold and silver sales for the quarter were $7,025,484 through the sale of 5,404 gold ounces and 19,037 silver ounces with average realized prices per ounce of US$1,202 and US$14.72 respectively.
- As a result of declaring commercial production on September 1, 2018 the Company recognized revenue of $1,556,991 relating to 950 gold ounces and 4,440 silver ounces which were produced and sold for the one month ending September 30, 2018.
- Earnings from mine operations, excluding depreciation and depletion, was $272,355 for the month of September.
- Subsequent to the first fiscal quarter of 2019 the Company secured a working capital facility of US$ 10 million to support the early stages of commercial production and manage working capital.

Further details regarding the financings highlighted above are disclosed in the *Liquidity and Capital Resources* section of this MD&A.

3. Operating Statistics

		Commercial Production of One Month Ended September 30, 2018 [1]	Three Months Ended September 30, 2018 [2]
Ore mined	t	144,356	481,215
Waste mined	t	254,785	724,882
Total mined	t	399,141	1,206,097
Strip ratio	waste/ore	1.76	1.51
Mining rate	tpd	19,957	18,555
Tonnes stacked	t	139,269	472,915
Tonnes stacked per day	tpd	6,963	7,276
Tonnes stacked per hour	tph	424	475
Contained gold ounces stacked	oz.	3,253	11,875
Contained silver ounces stacked	oz.	36,405	120,784
Gold grade	g/t	0.73	0.78
Silver grade	g/t	8.13	7.94
Gold ounces produced	oz.	1,882	5,554
Silver ounces produced	oz.	8,527	20,536
Gold ounces sold [3]	oz.	1,507	5,404
Silver ounces sold [3]	oz.	6,296	19,037

[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 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. For accounting purposes, pre-commercial production operating activities from the Moss Mine were capitalized to property, plant and equipment.

[3] Includes 557 gold ounces and 1,856 silver ounces and that were produced during pre-commercial production and sold during the month ended September 30, 2018.

4. Commercial Production

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

5. Operations Discussion

The Company operates an open pit mine and extracts precious metals with a heap leach and Merril Crowe circuit to produce gold and silver dore. The Company does not present comparative prior year statistics in the disclosure of operating results and discussion in this MD&A as the Moss Mine entered commercial production on September 1, 2018 and began producing gold in the fourth fiscal quarter of 2018.

Gold Production and Sales

During the three months ended September 30, 2018 the Moss Mine produced 5,554 gold ounces and 20,536 silver ounces which includes 3,672 gold ounces and 12,009 silver ounces produced during commissioning prior to the commencement of commercial production on September 1, 2018.

During the three months ended September 30, 2018 the Company sold 5,404 gold ounces and 19,037 silver ounces which includes 4,454 gold ounces and 14,597 silver ounces sold during commissioning prior to the commencement of commercial production.

Mining

During the three months ended September 30, 2018 a total of 481,215 tonnes of ore were mined and 724,882 tonnes of waste were mined for a total of 1,206,097 tonnes of material moved. For the month of September, 144,356 tonnes of ore were mined and 254,785 tonnes of waste were mined for a total of 399,141 tonnes of material moved.

During September 2018 mining began at Hill #1 at the 2160 level, which is the elevation of the historic headframe location. At the same time Hill #2 was being mined at the same rate on the 2100 level. This was achieved because the Company's mining contractor was able to access mining levels from both the west and east ends. The expectation is that this will enable productive mining throughout the rest of the year, as operations will continue to focus on bringing all areas within a single operating level. The operation has also advanced towards a sustained ore face and consistent total tonnage.

Crushing and Processing Operations

During the three months ended September 30, 2018 a total of 472,915 tonnes of ore were crushed at an average gold grade of 0.78 g/t, the average silver grade was 7.94 g/t. Tonnes crushed for the three months ended September 30, 2018 resulted in 11,875 gold ounces being stacked on the leach pad. For the month of September 2018 a total of 139,269 tonnes of ore were crushed at an average gold grade of 0.73 g/t, the average silver grade was 8.13 g/t. Tonnes crushed for the month of September resulted in 3,253 gold ounces being stacked on the leach pad.

6. Financial Operating Results

The company had earnings from mine operations of $39,742, which included deprecation and depletion of $232,613, which represents one month's of operations after commercial production was declared at the Moss Mine on September 1, 2018. Increases to corporate administrative expenses and finance costs were offset by decreases relating to foreign exchange which contributed to a decreased net loss compared to the 2017 comparative period.

The loss for the three months ended September 30, 2018 and 2017 is comprised of the following items:

		Three Months Ended September 30, 2018		Three Months Ended September 30, 2017
Earnings from mine operations	$	39,742	$	-
Corporate administrative expenses		(951,626)		(715,681)
Finance costs		(681,725)		(118,359)
Foreign exchange gain (loss)		130,570		(1,712,095)
Net loss for the period	**$**	**(1,463,039)**	**$**	**(2,546,135)**

Earnings from Mine Operations

The earnings from mine operations for the three months ended September 30, 2018 and 2017 is comprised of the following:

		Three Months Ended September 30, 2018		Three Months Ended September 30, 2017
Revenue	$	1,543,031	$	-
Production costs		(1,163,298)		-
Depreciation and depletion		(232,613)		-
Royalties		(107,378)		-
Earnings from mine operations	**$**	**39,742**	**$**	**-**

Earnings from mine operations, excluding depreciation and depletion, was $272,355 for the month of September. Since the commencement of commercial production on September 1, 2018 the company sold 1,507 gold ounces with an average realized gold price of US$1,191. For accounting purposes revenue received relating to 557 gold ounces of finished product inventory on hand prior to September 1, 2018 was capitalized to property, plant and equipment. Revenue is net of treatment and refining costs which were $31,853 for the month ended September 30, 2018.

Production costs are comprised of mining, processing, maintenance, site administration and site share-based compensation net of inventory changes. Depreciation and depletion was $232,613 since the start of commercial production. Most assets are depreciated or depleted on a units of production basis over the life of the mine.

Royalties were $107,378 since the start of commercial production. Refer to Note 6 of the Company's September 30, 2018 Condensed Interim Consolidated Financial Statements for details relating to the Company's royalty obligations.

Corporate Administrative Expenses

An increase in corporate administrative expenses of $235,945 was due to increases in salaries and wages, professional fees and marketing which were the result of ramping up of operations as the Company transitioned into commercial production.

Other Income (Expenses)

Finance costs consist of interest expense, fair value loss (gain) on gold call options which are offset by interest income. Finance costs increased compared to the three months ended September 30, 2017 as borrowing costs ceased being capitalized upon the commencement of commercial production and a fair value loss increase attributable to gold call options. Foreign exchange loss primarily decreased due to a decrease in US cash held compared to the previous period.

Cash Flows

Cash used in operating activities during the three months ended September 30, 2018 of $753,347 (2017:$391,440) was primarily due to working capital used in leach pad inventory which was partially offset using terms provided by the Company's suppliers and vendors during the early stages of commercial production.

Cash used in financing activities during the three months ended September 30, 2018 was $1,571,331 (2017: cash provided by $24,441,972) and consisted of repayments of debt and lease obligations and interest payments.

Cash used in investing activities during the three months ended September 30, 2018 was $3,042,871 (2017: $14,892,483) and consisted primarily of commissioning expenditures at the Moss Mine until commercial production was declared and exploration expenditures in the area surrounding the mine.

7. Summary of Quarterly Results

	Three Months Ended September 30, 2018	**Three Months Ended June 30, 2018**	**Three Months Ended March 31, 2018**	**Three Months Ended December 31, 2017**	**Three Months Ended September 30, 2017**	**Three Months Ended June 30, 2017**	**Three Months Ended March 31, 2017**	**Three Months Ended December 31, 2016**
Revenue[1]	$ 1,543,031	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss for the period	(1,463,039)[2]	(342,940)[3]	(1,124,657)[4]	(802,365)[5]	(2,546,135)[6]	(1,146,725)[7]	(1,530,550)[8]	(887,779)[9]
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.02)	(0.01)

1 As the Company was not in commercial production prior to September 1, 2018, there was no revenue recorded in prior periods.
2 Included earnings from mining operations of $39,742 that in prior periods would have been capitalized into construction in progress and a fair value loss on gold call options of $115,407.
3 Included a fair value gain on gold call options of $511,732.
4 Included a fair value loss on gold call options of $405,867.
5 Included an unrealized foreign exchange gain of $178,086, attributable to the mild strengthening of the US dollar against the Canadian dollar during the quarter.
6 Included an unrealized foreign exchange loss of $1,712,095 related to an increase in US cash held and was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter.

[7] Included an unrealized foreign exchange loss of $506,920 relating to US cash held that was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter and was offset by an interest expense decrease resulting from the capitalization of borrowing costs. The net impact was a decrease in net loss for the quarter.
[8] Included a fair value loss on gold call options issued in connection with the Sprott Facility and increased interest expense which resulted in an increased net loss for the quarter.
[9] Included a fair value gain on gold call options issued in connection with the Sprott Facility and a reduced deferred tax recovery which resulted in a decreased net loss for the quarter.

Net loss increased for the three months ended September 30, 2018 due to a fair value loss of $115,407 relating to a change in value in the Company's gold call options compared to a fair value gain of $511,732 during the three months ended June 30, 2018 and 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 $511,732 relating to a change in value in the Company's gold call options compared to a fair value loss of $405,867 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.

Net loss decreased for the three months ended December 31, 2017 compared to the three months ended September 30, 2017. The decrease was primarily due to an unrealized foreign exchange gain in the current quarter compared to a relatively significant unrealized foreign exchange loss in the previous quarter. The unrealized foreign exchange gain related to US cash held and was attributable to the mild strengthening of the US dollar in comparison to the Canadian dollar during the quarter.

The increase in net loss for the three months ended September 30, 2017 compared to the three months ended June 30, 2017 was primarily due to an increase in unrealized foreign exchange loss relating to an increase in US cash held due to recent financings and was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter. In addition, finance costs increased during the first fiscal quarter of 2018 due to increased interest related to a larger debt balance outstanding.

The decrease in net loss for the three months ended June 30, 2017 compared to the three months ended March 31, 2017 was partially due to a decrease in interest expense relating to the capitalization of borrowing costs in the fourth fiscal quarter of 2017. The decrease in interest expense was partially offset by an unrealized foreign exchange loss relating to US cash held that was attributable to the weakening of the US dollar in comparison to the Canadian dollar during the quarter. A fair value gain on the gold call options during the current quarter compared with a fair value loss in the previous quarter also contributed to the decrease in net loss.

The increase in net loss for the three months ended March 31, 2017 compared to the three months ended December 31, 2016 was largely due to an increase in finance costs related to the Sprott Facility. Long term debt interest expense and related financing costs increased as the average amount of debt outstanding during the current quarter was higher compared to the quarter ended December 31, 2016. Finance costs also increased as the Company recorded a fair value loss on the gold call options during the current quarter as the spot price of gold increased compared to December 31, 2016. Comparatively, the loss in the quarter ended December 31, 2016 was offset due a fair value gain related to the gold call options.

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

8. Mine Permitting

The Company is fully permitted to operate an open pit, heap leach operation with Merrill Crowe recovery of gold and silver.

Work has continued the permitting processes for mine optimization throughout the quarter. Included was preparation of two Right of Way permit applications to the Bureau of Land Management for construction of a power-line, partially located on federal lands, to access utility grid power and for reconstruction of a Moss Mine access road. These permit applications culminated with the approval and issuance of the Grants of Right of Way in June 2018. The road will be reconstructed by widening it to two lanes, onto Federal lands, and will eliminate blind spots by lessening the severity of vertical and horizontal curves, thereby increasing the level of traffic safety and increasing efficiency for all stakeholders using the public road. The construction of the powerline will enable access to utility power which will eliminate diesel emissions to the atmosphere from the primary on-site generators and lower operating costs.

9. Exploration

The Company, in acknowledgment of the advantages of having a producing mine serving as a central focus in the Oatman area, recognized the importance of possibly expanding the resource base through detailed exploration of their extensive claim holdings in the Oatman area. Historically, the Oatman epithermal deposits have produced in excess of two million ounces of gold from three historical mines and little modern exploration has been conducted in the area with the exception of programs by Fischer-Watt Gold. On October 16, 2017 the Company announced the appointment of Frank (Bud) Hillemeyer and Perry Durning as exploration advisors for the Oatman District through an agreement with La Cuesta International Inc.

Perry Durning and Frank (Bud) Hillemeyer formed La Cuesta International in 1993 after roughly a decade together at Fischer-Watt Gold, an Arizona and Nevada-based mineral exploration firm. Perry and Bud are recognized for their outstanding record of grassroots discoveries and, in 2010, received the Thayer Lindsley International Mineral Discoveries Award. Perry and Bud possess proprietary knowledge and data that allows for quick advancement of the Company's exploration program.

10. Liquidity and Capital Resources

As at September 30, 2018, the Company had cash of $2,140,105 (June 30, 2018: $7,531,761). The decrease in cash compared to the year ended June 30, 2018 was primarily due to funding the final stages of commissioning and the early stages of commercial production, offset by cash received from pre-commercial production and commercial production gold and silver sales.

During the three months ended September 30, 2018, working capital deficit increased by $1,106,133 to a deficit of $12,137,904. The decrease in working capital was primarily attributable to investment in heap leach inventory during the early stages of commercial production and ramping up of operations. Working capital deficits are not uncommon in single asset companies with heap leach operations, which have transitioned from mine commissioning to commercial production, due to the length of leach times.

The Company has taken measures to increase working capital including financings and debt restructuring which are discussed in detail in Subsequent Events. Ongoing liquidity needs will be funded from operating cash flows from production of the Moss Mine and future financings, including the US$10,000,000 loan facility discussed in detail in Subsequent Events. The Company is in compliance or has received waivers for externally imposed debt covenants relating to its debt facilities and lease obligations as at September 30, 2018.

11. Subsequent Events

In addition to subsequent events disclosed in other parts of this MD&A, subsequent to September 30, 2018:

- the Company amended the repayment terms of its MLA. An existing security deposit was used to pay US$575,750, inclusive of a restructuring fee, due on October 1, 2018. The security deposit will be repaid in two instalments of US$287,875 due no later than January 1, 2020 and April 1, 2020.

- the Company extended the maturity date of its senior secured facility from November 2019 to December 2020. As part of the amendment monthly principal payments of US$1,111,111 were waived from July 2018 to October 2018 and recommenced in November 2018 in monthly instalments of US$500,000. As part of the amendment the Company issued 1,250,000 common shares to the lender and the exercise price of Gold Call Options were reduced from US$1,275 to US$1,200.

- the Company announced a non-brokered private placement of up to approximately 21,666,667 Units ("each Unit") at a purchase price of $0.30 per Unit for aggregate gross proceeds of up to $6,500,000. Each Unit issued in connection with the private placement will consist of one common share of the Company and one-half of one transferable common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share at an exercise price of $0.45 for a period of 24 months from the closing date of the private placement. Finders' fees within TSX Venture Exchange (the "Exchange") policy guidelines may be paid in cash or common shares in connection with the private placement.

- the Company entered into a non-binding indicative term sheet with a third party whereby the parties intend to enter a definitive precious metal purchase agreement (the "PMPA"). Under the terms of PMPA the Company will receive a US$8,500,000 upfront payment in exchange for agreeing to sell 45% of silver production from the Moss Mine at an ongoing purchase price equal to 30% of the lesser of the average silver price for the calendar quarter and the spot price of silver at the time of delivery. After the purchase of 1,500,000 ounces of silver from the Company the amount of silver purchasable under the PMPA will be reduced to 22.5% of all silver production from the Moss Mine for the remaining life of mine. Under the PMPA the Company also has the option to increase the upfront payment by US$5,000,000 in exchange for the purchaser having the right to purchase 75% of silver production until the delivery of 2,500,000 ounces of silver. After the delivery of 2,500,000 ounces of silver the purchaser's rights return to 37.5% of silver production for the remaining life of the Moss Mine. The PMPA remains subject to the fulfilment of a number of conditions precedent including the negotiation and execution of definitive documentation, the completion of due diligence and receipt of all necessary regulatory approvals, including the approval of the Exchange.

- the Company entered into a definitive agreement in respect of an unsecured non-revolving loan facility for up to US$10,000,000, bearing interest at 12% per annum, payable quarterly in arrears in cash, and available to be drawn in up to five tranches. The first two tranches totalling US$5,000,000 were drawn and are repayable on October 3, 2019 with the first tranche of US$2,500,000 convertible into common shares of the Company at $0.30 per common share. Cash fees of 3% are payable on each tranche with the exception of the first tranche. The non-revolving loan facility is mandatorily payable upon completion of the Company of the PMPA or an alternative financing in the event that the PMPA does not close.

- the Company extended the option to purchase a royalty for one year for US$100,000.

- the Company issued 2,866,759 common shares to satisfy an anniversary fee related to the senior secured credit facility agreement.

12. Contractual Obligations

Office space lease agreements

The Company has entered into lease agreements for office space with terms that expire between various dates through to December 2022, as disclosed in Note 20 to condensed interim consolidated financial statements.

Other commitments

The Company is committed to making royalty payments on future production as disclosed in Note 6 to the Consolidated Financial Statements.

13. 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.

14. Related Party Transactions

Related party transactions were incurred in the normal course of business and measured at their fair value as determined by management. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Balances due (to) from related parties are as follows:

		September 30, 2018		June 30, 2018
Shared office expenses receivable	**$**	**14,537**	$	5,525
Consulting fees payable	**$**	**-**	$	(389)

Related party transactions are as follows:

	Note		Three Months Ended September 30, 2018		September 30, 2017
Consulting fees	(i)	**$**	**47,500**	$	78,250
Shared office expense recovery	(ii)	**$**	**(21,153)**	$	(6,772)

(i) Consulting fees charged by companies controlled by certain directors of the Company are included in professional fees, salaries and wages, and mineral properties, plant and equipment.

(ii) Shared office expenses charged to and from a company with directors in common are included in marketing, rent, travel, and office 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 $10,000 and renews annually.

15. Key Management Personnel Compensation

The remuneration of the Company's directors and other key management personnel for the three months ended September 30, 2018 and 2017 is as follows:

		Three Months Ended September 30, 2018		September 30, 2017
Salaries and short-term benefits	**$**	**243,412**	$	238,577
Share-based payments	**$**	**49,883**	$	45,998

16. 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.

17. Proposed Transactions

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

18. 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, 2018 and September 30, 2017.

19. 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, 2018 and 2017.

20. Corporate Governance

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

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

21. Outstanding Share Data

The total number of outstanding common shares, stock options, and warrants as of the date of this MD&A are 184,925,331, 4,720,000 and 46,682,807 respectively.

22. 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, 2018 related primarily to value-added taxes which is expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

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

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

(c) Market risk

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

(i) Currency risk

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

At September 30, 2018, $1,082,357 (US$836,120) of the Company's cash and $31,386,286 (US$24,245,876) of the Company's debt were denominated in US dollars. A 10% variation in the US dollar exchange rate would result in an impact of approximately $756,656 on the consolidated statements of loss.

(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. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and US dollar, as outlined above. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows. Fluctuations in gold prices affect the fair market value of the Gold Call Options as the fair value is based on the market price of gold at the end of each period. A 10% fluctuation in the price of gold would result in an impact of approximately $524,407 (US$405,104) on the 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. Interest rate risk arises from the interest rate impact on cash, which are held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. The Company also pays interest monthly for its senior secured credit facility, at an annual interest rate of 8% plus the greater of twelve month USD LIBOR or 1.25%. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by $324,197 (US$250,442). The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

23. Risks and Uncertainties

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. Apart from financings, the Company currently has no additional sources of cash. The Company continues to evaluate financing alternatives to advance the Moss Mine.

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

Need for Additional Funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company may require additional financings to further the development of the Moss Mine. There can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of the shareholders' entire investment.

Exploration and Development

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

The economic feasibility of 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.

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.

24. 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.

25. Cautionary Note Regarding Forward-Looking Information

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

26. Approval

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

27. 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.