NORTHERN VERTEX
MINING CORP

Management's Discussion and Analysis
for the Three and Six Months Ended December 31, 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 February 27, 2019 and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of its operations and cash flows for the three and six months ended December 31, 2018. This MD&A provides information on the operations of the Company for the three and six months ended December 31, 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"). As a result of the change in the Company's presentation currency all amounts are now expressed in United States dollars (US$) unless otherwise noted. Canadian dollars are noted as ("CAD$" or "C$").

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

1. Business Overview

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

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

2. Second Fiscal Quarter 2019 Operating and Financial Highlights

- Earnings from mine operations, excluding depreciation and depletion, was $532 for the quarter ended December 31, 2018.
- During the quarter the Company stacked 9,905 contained gold ounces and produced 5,218 gold ounces.
- The crushing plant processed 443,234 tonnes of ore with an average gold grade of 0.70 g/t and an average silver grade of 10.03 g/t.
- Gold and silver sales for the quarter, including sales of ounces produced prior to commercial production, were $6.5 million through the sale of 5,149 gold ounces and 14,081 silver ounces with average realized prices per ounce of $1,215 and $14.43 respectively.
- The Company completed a $28 million financing consisting of a $20 million silver advance from Maverix Metals Inc., pursuant to a silver streaming agreement, and a concurrent private placement for gross proceeds of $8 million. Proceeds from the silver advance were used to repay the Company's senior secured credit facility with Sprott Private Resource Lending which significantly strengthened the Company's balance sheet and cash flow. The remaining proceeds plan to be used to fund the continued ramp up of mining operations at the Moss Mine.

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

3. Operating Statistics

		Three Months Ended December 31, 2018	Six Months Ended December 31, 2018 [1,2]
Mining			
Ore mined	t	411,354	892,569
Waste mined	t	883,088	1,607,969
Total mined	t	1,294,442	2,500,538
Strip ratio	waste/ore	2.15	1.80
Crushing			
Tonnes stacked	t	443,234	916,149
Tonnes stacked per day (average)	tpd	4,818	4,979
Tonnes stacked per operating day [5]	tpd	8,365	7,830
Tonnes stacked per operating hour [5]	tph	445	460
Contained gold ounces stacked	oz.	9,905	21,780
Contained silver ounces stacked	oz.	142,986	263,770
Gold grade	g/t	0.70	0.74
Silver grade	g/t	10.03	8.96
Processing			
Merrill Crowe recovery – gold	%	69	77
Merrill Crowe recover – silver	%	93	94
Gold ounces produced [3]	oz.	5,218	10,772
Silver ounces produced [3]	oz.	21,110	41,646
Sales			
Gold ounces sold [4]	oz.	5,149	10,553
Silver ounces sold [4]	oz.	14,081	33,118

[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 six months ended December 31, 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 six months ended December 31, 2018 include pre-commercial production results.

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

[4] The three months ended December 31, 2018 includes 470 gold ounces and 1,779 silver ounces and that were produced during pre-commercial production and sold during the second fiscal quarter of 2019. The six months ended December 31, 2018 includes 4,924 gold ounces and 16,376 silver ounces that were produced during pre-commercial production and sold during commercial production being the four months ended December 31, 2018.

[5] Excludes maintenance days where the crushing plant does not operate.

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 Merrill 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.

Mining

During the three months ended December 31, 2018 a total of 411,354 tonnes of ore were mined and 883,088 tonnes of waste were mined for a total of 1,294,442 tonnes of material moved. Average gold grade mined was 0.77 g/t and average silver grade mined was 9.20 g/t.

During the six months ended December 31, 2018 a total of 892,569 tonnes of ore were mined and 1,607,969 tonnes of waste were mined for a total of 2,500,538 tonnes of material moved. Average gold grade mined was 0.76 g/t and average silver grade mined was 8.23 g/t.

For the three months and six months ended December 31, 2018 mining continued to focus production on the western area of the center pit to allow for a single bench mining platform to be joined with the eastern pit area. The Company's mining contractor was able to access mining levels from both the west and east ends of the center pit. The operation has also advanced towards a sustained ore face and consistent total tonnage.

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

Crushing Operations

During the three months ended December 31, 2018 a total of 443,234 tonnes of ore were crushed at an average gold grade of 0.70 g/t, the average silver grade was 10.03 g/t. Tonnes crushed for the three months ended December 31, 2018 resulted in 9,905 contained gold ounces being stacked on the leach pad. The daily crushing rate was 4,818 tonnes per day and 8,365 tonnes per scheduled operating day.

During the six months ended December 31, 2018 a total of 916,149 tonnes of ore were crushed at an average gold grade of 0.74 g/t, the average silver grade was 8.96 g/t. Tonnes crushed for the six months ended December 31, 2018 resulted in 21,780 contained gold ounces being stacked on the leach pad. The daily crushing rate was 4,979 tonnes per day and 7,830 tonnes per scheduled operating day.

Daily crushing rates were impacted as the crushing plant was mechanically down for three weeks in October to replace hardware and connections in the programmable logic controller due to electrical issues present since start-up. In addition, ore stacking at the west pad location started in early November 2018 which required initial set-up time. Stacking continued at the west pad throughout the end of the quarter and the west pad pumping station, pregnant pump and piping were installed and commissioned in December 2018.

The plant has not encountered any electrical or other mechanical issues since and has now operated for 12 weeks with no significant unscheduled downtime. A third crushing crew was mobilized in mid November to increase plant utilization operating 24 hours per day and 6 days per week.

Processing Operations

During the three months ended December 31, 2018 a total of 5,218 Au ounces and 21,110 Ag ounces were produced. Merrill Crowe plant recoveries were 69% for gold and 93% silver.

During the six months ended December 31, 2018 a total of 10,772 Au ounces and 41,646 Ag ounces were produced. Merrill Crowe plant recoveries were 77% for gold and 94% for silver.

Second quarter production was lower than expected as insufficient site water supply required water to be trucked to site, higher than expected levels of oxygen in the Merrill Crowe vacuum tower caused lower plant recoveries and under saturation of the heap leach pad caused lower gold concentrations going to the Merrill Crowe plant.

Due to poor performance of existing water wells an additional water well was drilled and commissioned in December 2018. Initial lift tests show capacity of 200 gallons per minute at 100% recharge. This well will be used as the primary water source in early 2019 to better test its long-term capacity. To compensate for poor well performance and to meet operational water needs the Company had arranged for water deliveries to the mine site at a cost of approximately $300,000 per month at maximum crushing capacity. As the new well combined with existing wells is meeting the mine's water needs, water hauling to the mine has ceased eliminating costs incurred during the six months ended December 31, 2018 related to water delivery.

Continuous optimization and fine tuning procedures continue to be implemented in the Merrill Crowe, including the reduction of oxygen in the vacuum tower, in efforts to increase the gold recoveries in the plant. These procedures resulted in December 2018 gold recoveries of 89%. The refinery has also continually implemented optimization procedures which has resulted in less gold and silver ounces remaining in residual slag and an overall reduction in residual slag of 70%. In addition, new pumping capacity was recently added to the leach pad increasing solution flow and a rotating leach schedule is underway to achieve the desired saturation levels in the heap. These changes are expected to increase and stabilize the daily production.

Sales

During the three months ended December 31, 2018 the Company sold a total of 5,149 gold ounces and 14,081 silver ounces which includes ounces produced prior to commercial production. Average realized prices for the three months for gold and silver per ounce were $1,215 and $14.43 respectively.

During the six months ended December 31, 2018 the Company sold a total of 10,553 gold ounces and 33,118 silver ounces which includes ounces produced and sold prior to commercial production. Average realized prices for the six months for gold and silver per ounce were $1,208 and $14.60 respectively.

6. Financial Operating Results

For the three months ended December 31, 2018 the Company had a loss from mine operations of $603 which included depreciation and depletion of $1,135. For the six months ended December 31, 2018 which included four months of commercial production at the Moss Mine, the Company had a loss from mine operations of $571, which included deprecation and depletion of $1,313. As commercial production commenced on September 1, 2018 there were no mine operations during the previous year.

Increases to finance costs for the three and six month periods compared to the previous year were due to the following: expensing the remaining financing costs related to the senior secured credit facility upon discharge of the facility, increases in fair value losses of gold call options and derivative liabilities, financing costs relating to the silver stream and an increase in interest expense as capitalizing borrowing costs ceased upon commercial production.

The loss for the three and six months ended December 31, 2018 and 2017 is comprised of the following items:

	Three Months Ended December 31,		**Six Months Ended December 31,**	
	2018	2017	**2018**	2017
Loss from mine operations	$ (603)	$ -	$ (571)	$ -
Corporate administrative expenses	(592)	(626)	(1,350)	(1,198)
Finance costs	(4,240)	(142)	(4,761)	(237)
Foreign exchange gain (loss)	169	140	269	(1,227)
Net loss for the period	**$ (5,266)**	$ (628)	**$ (6,413)**	$ (2,662)

Loss from Mine Operations

The loss from mine operations for the three and six months ended December 31, 2018 and 2017 is comprised of the following:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2018	2017	**2018**	2017
Revenue	$ 5,792	$ -	$ 6,976	$ -
Production costs	(4,895)	-	(5,787)	-
Depreciation and depletion	(1,135)	-	(1,313)	-
Royalties	(365)	-	(447)	-
Loss from mine operations	**$ (603)**	$ -	**$ (571)**	$ -

Earnings from mine operations excluding depreciation and depletion, was $532 for the three months ended December 31, 2018. During the three months ended December 31, 2018 the Company sold 4,679 gold ounces with an average realized gold price of $1,214. For accounting purposes revenue received relating to the sale of 470 gold ounces produced prior to the commencement of commercial production on September 1, 2018 was capitalized to property, plant and equipment.

For the six months ended December 31, 2018, which included four months of commercial production, earnings from mine operations, excluding depreciation and depletion was $742. Since the commencement of commercial production on September 1, 2018 the Company sold 5,629 gold ounces with an average realized gold price of $1,210. For accounting purposes revenue received relating to the sale of 4,924 gold ounces produced prior to the commencement of commercial production on September 1, 2018 was capitalized to property, plant and equipment. Revenue is presented net of treatment and refining costs which were $74 for the six months ended December 31, 2018, which included four months of commercial production, and $63 for the three months ended December 31, 2018.

Production costs are comprised of mining, processing, maintenance, site administration and site share-based compensation net of inventory changes. Production costs were impacted during the quarter by a three week shutdown of the crushing plant due to electrical issues, additional costs relating to water deliveries and commencing production on the west side of the leach pad. The shutdown of the crushing plant and moving production to the west side of the leach pad are considered to be a non-recurring events and costs relating to water deliveries have been eliminated with commissioning of an additional water well.

Depreciation and depletion was $1,313 for the six months ended December 31, 2018, which included four months of commercial production, and $1,135 for the three months ended December 31, 2018. Depletable mineral properties and most assets included in plant and equipment are depleted or depreciated on a units of production basis over the life of the mine.

Royalties were $365 for the three months ended December 31, 2018 and $447 for the six months ended December 31, 2018 which included four months of commercial production. For accounting purposes royalties relating to gold and silver sales prior to the commencement of commercial production have been capitalized to property, plant and equipment. Refer to Note 6 of the Company's December 31, 2018 Condensed Interim Consolidated Financial Statements for details relating to the Company's royalty obligations.

Corporate Administrative Expenses

A decrease in corporate administrative expenses of $34 for the three months ended December 31, 2018 was due to decreases in corporate share-based compensation as 750,000 options were granted in 2018 and no options have been granted in 2019.

An increase in corporate administrative expenses of $152 for the six months ended December 31, 2018 was due to increases in salaries and wages and professional fees 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, financing costs relating to the silver streaming arrangement, fair value loss (gain) on gold call options and fair value loss on derivative liabilities which are offset by interest income.

Finance costs increased compared to the three and six months ended December 31, 2017 as borrowing costs ceased being capitalized upon the commencement of commercial production, a fair value loss increase attributable to gold call options, amortization of finance costs related to the senior secured debt facility and finance costs incurred relating to the silver streaming obligation with Maverix Metals Inc.

Cash Flows

Cash used in operating activities during the six months ended December 31, 2018 of $3,494 (2017: $321) 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 continued ramp up after commercial production.

Cash provided from financing activities during the six months ended December 31, 2018 was $9,341 (2017: $26,434) and consisted of the proceeds from the silver stream advance, drawdown of debt and the issuance of share capital which were offset by the repayment of debt and interest payments.

Cash used in investing activities during the six months ended December 31, 2018 was $4,152 (2017: $26,556) and consisted primarily of expenditures to continue to optimize the Moss Mine after commercial production.

7. Summary of Quarterly Results

	Three Months Ended December 31, 2018	**Three Months Ended September 30, 2018**	**Three Months Ended June 30, 2018**	**Three Months Ended March 31, 2018**	**Three Months Ended December 31, 2017**	**Three Months Ended September 30, 2017**	**Three Months Ended June 30, 2017**	**Three Months Ended March 31, 2017**
Revenue[1]	$ 5,792	$ 1,184	$ -	$ -	$ -	$ -	$ -	$ -
Profit/(Loss) for the period	(5,266)[2]	(1,147)[3]	(286)[4]	(942)[5]	(628)[6]	(2,035)[7]	(853)[8]	(1,157)[9]
Basic and diluted loss per share	(0.03)	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.02)

1 As the Company was not in commercial production prior to September 1, 2018, there was no revenue recorded in prior periods.
2 Included a loss from mining operations of $603 and finance costs of $4,240.
3 Included earnings from mining operations of $32 and a fair value loss on gold call options of $88.
4 Included a fair value gain on gold call options of $396.
5 Included a fair value loss on gold call options of $321.
6 Included an unrealized foreign exchange gain of $140, attributable to the strengthening of the US dollar against the Canadian dollar during the quarter.
7 Included an unrealized foreign exchange loss of $1,370 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.
8 Included an unrealized foreign exchange loss of $377 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.
9 Included a fair value loss on gold call options issued in connection with the senior secured credit facility and increased interest expense which resulted in an increased net loss for the quarter.

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

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

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

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

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.

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 gold and silver recovery on patented claims owned by the company.

During the six months ended December 31, 2018, the Company was successful in their applications for Right of Way permits to allow construction of a powerline from Bullhead City to the mine site and upgrading the mine access road from Silver Creek Road (a county regional road) to the mine site.

During the quarter, permitting efforts were focused on the acquisition of permits to expand the mining and leaching operations onto federal lands adjacent to the Company's private lands. These efforts included the preparation of a cultural resource inventory, a biological evaluation and conceptual design of required and possible infrastructure and surface disturbance.

An MPO has been prepared, is under review, and is expected to be submitted to the Kingman Field Office of the BLM prior to the end of fiscal year ended June 30, 2019. Approval of the MPO, including statutory requirements for public input and environmental assessment, would permit the company to access, mine and process the entire mineral resource identified in the Preliminary Economic Assessment (Technical Report dated November 22, 2017) and possible future expansions of the resource along strike and to depth. The expansion onto federal lands would also enable the Company to expand site support facilities including the assay and process testing labs, offices, warehousing, maintenance, water wells and waterlines. Proposed future exploration activities on the adjacent federal lands are included in the MPO.

9. Exploration

Field exploration activities during the six months ended December 31, 2018 were limited by working capital constraints. Detailed mapping, soil and rock chip sampling of specific high-priority areas to better define drill targets were completed. Compilation of the data from this work, along with the proprietary data provided by Perry Durning and Frank Hillemeyer into the company data base continued into the third fiscal quarter.

Major efforts were directed towards the preparation of plans for drill programs, including the selection of road and trail access routes, drill pad and sump construction, reclamation programs. Particular attention was directed towards the minimization of surface disturbance, avoidance of any cultural or biological areas of concern and mitigation of disturbance.

10. Liquidity and Capital Resources

As at December 31, 2018, the Company had cash of $7,678 (June 30, 2018: $5,720). The increase in cash compared to the year ended June 30, 2018 was primarily due to a $20,000 silver advance received from Maverix Metals Inc. and a $8,000 private placement, offset by the discharge of the senior secured credit facility with Sprott Private Resource Lending and working capital used to fund the ramp up of the Moss Mine.

During the six months ended December 31, 2018, working capital increased by $17,524 from a deficit to a surplus of $9,145. The increase in working capital was primarily due to the $20,000 silver advance and $8,000 private placement, which allowed for the discharge of the senior secured credit facility. In addition, inventory increased during the period as the ramp up of operations continued at the Moss Mine.

The Company has taken measures to increase working capital including financings such as the silver stream and private placement, described below, which allowed the Company to discharge its senior secured credit facility during the period. Ongoing liquidity needs will be funded from operating cash flows from production of the Moss Mine and future financings if required.

The Company is in compliance with externally imposed debt covenants relating to its debt facilities and lease obligations as at December 31, 2018.

Silver Stream

During the period, the Company entered into a $20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement the Company will deliver 100% of payable silver production from the Moss Mine over the life of the mine on a monthly basis. Production is subject to a ratio of silver to actual gold produced which, in the event the ratio is not met, the Company would be required to purchase silver ounces required to achieve the ratio. The Company does not expect this requirement to be significant over the term of the agreement. The silver stream obligation is secured with a first charge over assets.

In addition to the silver advance of $20,000, the Company will receive 20% of the average spot silver price at the time each ounce of silver is delivered.

Private Placement

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

11. Subsequent Events

Subsequent to December 31, 2018:

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

- the Company granted 10,000,000 stock options to employees, officers, directors and consultants of the Company at an exercise price of C$0.24 with a five year expiry period.

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 22 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.

Related party balances are as follows:

		December 31, 2018		June 30, 2018
Shared office expenses receivable	**$**	**4**	$	4
Consulting fees payable	**$**	**125**	$	-

Related party transactions are as follows:

	Note		**Three Months Ended December 31, 2018**		2017		**Six Months Ended December 31, 2018**		2017
Consulting fees	(i)	**$**	**172**	$	64	**$**	**224**	$	127
Shared office expense recovery	(ii)	**$**	**(10)**	$	(4)	**$**	**(27)**	$	(9)

(i) Consulting fees charged by companies controlled by certain directors of the Company are included in employee compensation and benefits expense, mineral properties, plant and equipment, and financing costs netted against debt.

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

Commitments with Related Parties

The Company has entered into a corporate services agreement with a related company for clerical, accounting, regulatory filing and geological services. The minimum monthly fee under the agreement is $7 (C$10) and renews annually.

Debt with a significant shareholder

As at December 31, 2018, the Company has two outstanding non-revolving loan facilities with a significant shareholder.

Balances due to the significant shareholder are as follows:

		December 31, 2018		June 30, 2018
Convertible debentures – 2018	**$**	**5,834**	$	5,763
Debt facility - 2019	**$**	**2,915**	$	-

15. Key Management Personnel Compensation

The remuneration of the Company's directors and other key management personnel for the three and six months ended December 31, 2018 and 2017 is as follows:

		Three Months Ended December 31,				Six Months Ended December 31,			
	Note		**2018**		2017		**2018**		2017
Salaries and short-term benefits	(i)	**$**	**189**	$	233	**$**	**376**	$	423
Share-based payments	(ii)	**$**	**18**	$	97	**$**	**58**	$	129

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 and six months ended December 31, 2018 and 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 and six months ended December 31, 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 seven 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 244,766,446, 14,720,000 and 104,210,422 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 December 31, 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. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the US dollar in relation to Canadian dollar will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(ii) Commodity price risk

Commodity price risk is the risk that the current and future cash flows from the Company's financial instruments will fluctuate as a result of changes in commodity prices. 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. Fluctuations in silver prices affect the payment price per ounce for the PMPA. A 10% fluctuation in the price of gold would result in an impact of approximately $113 on the consolidated statements of loss. A 10% fluctuation in the price of silver would result in an impact of approximately $24 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. I Interest rate risk arises from the interest rate impact on cash, which are held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate date would increase annual interest expense by $57. 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, developing and operating mineral properties. It is exposed to a number of risks and uncertainties that are common to other mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks.

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

Need for Additional Funds

The Company has no history of profitable operations and 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 continue the operations 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.

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.

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

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.