NORTHERN VERTEX

MINING CORP

Management's Discussion and Analysis
for the Three Months Ended September 30, 2020

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The Management's Discussion and Analysis ("MD&A") of Northern Vertex Mining Corp. ("Northern Vertex" or the "Company"), has been prepared by management as of November 26, 2020 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, 2020. This MD&A provides information on the operations of the Company for the three months ended September 30, 2020 and should be read in conjunction with the condensed interim consolidated financial statements for the three months ended September 30, 2020 and 2019 and related notes thereto (the "Financial Statements"), as well as the audited annual consolidated financial statements for the year ended June 30, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). **All dollar amounts in this MD&A are expressed in thousands of USD, except as otherwise noted.**

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

1. Business Overview

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

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

2. First Fiscal Quarter 2021 Operating and Financial Highlights

- During the quarter the Moss Mine produced a record 13,083 gold ounces and 119,257 silver ounces.
- Record gold and silver sales of 12,824 gold ounces and 112,136 silver ounces with average realized prices per ounce of $1,887 and $25.32 respectively. Record revenue of $27,033.
- The crushing plant processed 683,706 tonnes of ore with an average gold grade of 0.69 g/t and an average silver grade of 10.34 g/t.
- Moss mine All In Sustaining Cost ("AISC") for the quarter was $1,317 per ounce sold, which included $292 per ounce (refer section 22 for reconciliation to non-IFRS performance measures) in capital expenditures tied to the construction of the powerline, exploration, and a heap leach pad expansion.
- Cash costs for the quarter were $954 per ounce sold (refer section 22), which included one-time costs for mobilization and demobilization as mining and blasting contractors were replaced of $47 per ounce.
- Operating income from mine operations, before depreciation and depletion, was $11,955 (refer section 22).
- Cash on hand at September 30, 2020 was $12,142.

3. COVID-19 Update

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

To maintain business continuity plans, the Company has implemented controls at our mine and offices to put the health, safety of our people and community above all else. We have implemented strict safety protocols related to:

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

The economic impact of the pandemic and related government stimulus packages have served to strengthen gold prices. The Company expects gold prices to remain strong while uncertainty in global financial markets continue, interest rates remain at historical lows and as governments continue stimulus efforts. Given the continuing uncertainty, management has worked to maximize liquidity and the Company is confident that it has sufficient liquidity on hand to continue business operations during this volatile period.

4. Operating Statistics

		Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Mining			
Ore mined	t	706,629	452,418
Waste mined	t	1,518,139	1,048,007
Total mined	t	2,224,768	1,500,425
Strip ratio	waste/ore	2.15	2.32
Crushing			
Tonnes stacked	t	683,706	452,858
Tonnes stacked per day (average)	tpd	7,432	4,922
Contained gold ounces stacked	oz.	15,194	9,738
Contained silver ounces stacked	oz.	227,204	150,733
Gold grade	g/t	0.69	0.67
Silver grade	g/t	10.34	10.35
Processing			
Merrill Crowe recovery – gold	%	98	96
Gold ounces produced	oz.	13,083	8,460
Silver ounces produced	oz.	119,257	68,421
Sales			
Gold ounces sold	oz.	12,824	9,112
Silver ounces sold[1]	oz.	112,136	73,495

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

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.

Mining

During the three months ended September 30, 2020 a total of 706,629 tonnes (2019: 452,418) of ore was mined at a strip ratio of 2.15 (2019: 2.32).

Mine operations have continued to improve over the course of 2020 with a focus on daily and weekly operating metrics, resulting in new quarterly records in tons moved. The transition of mining contractors has been completed without any loss of production by phasing production across two pits during the quarter, however, there have been additional operating costs with four contractors working in the pit, and mobilization and demobilization costs tied to the transition.

The proportion of total ore being sourced from the east pit continues to increase as we transition from the center pit, while pioneering in the west pit is completed, and the first bench in the west pit delivered ore in late October. Ore supply from the Center pit has continued as a result of successful highwall control program, and the pit will pinch-out in the last quarter of 2020 and will serve as a staging ground for the continued exploration program. The east pit has now been developed into the second bench, and the ore sourced from the pit continues to demonstrate metallurgy inline with the Moss vein, but mining has not yet encountered the scope of stockworks found in the center pit. With the transition from primary ore supply from the center pit to the east and west pits, management is expecting a reduction in ore grades beginning in late Q4 2020, in line with the current budget model.

The Moss mine ore model has continued to demonstrate consistent reconciliation during the quarter and the model has facilitated strong mine plans since the start of the Company's financial year in July 2020.

Crushing Operations

During the three months ended September 30, 2020 the average daily crushing rate was 7,432 tonnes (2019: 4,922), resulting in a record total of 683,706 crushed tonnes (2019: 452,858) at an average gold grade of 0.69g/t (2019: 0.67 g/t) and an average silver grade of 10.34 g/t (2019: 10.35 g/t). Stacked gold ounces for the quarter were 15,194 (2019: 9,738).

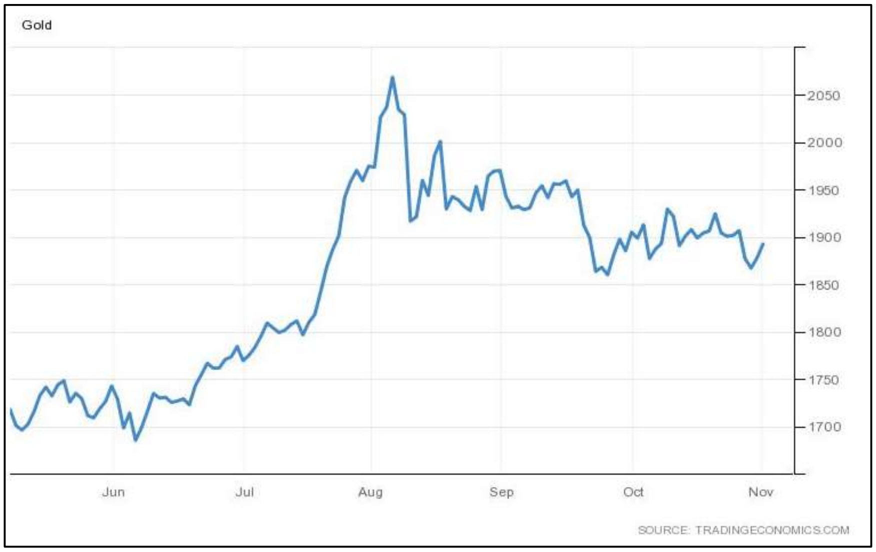
Crushing rates were higher quarter over quarter and year over year. Mechanical availability on the crushing system remained excellent at 97.9%. The crushing system continued to experience challenges tied to oversize ore, and harder and more abrasive ore.

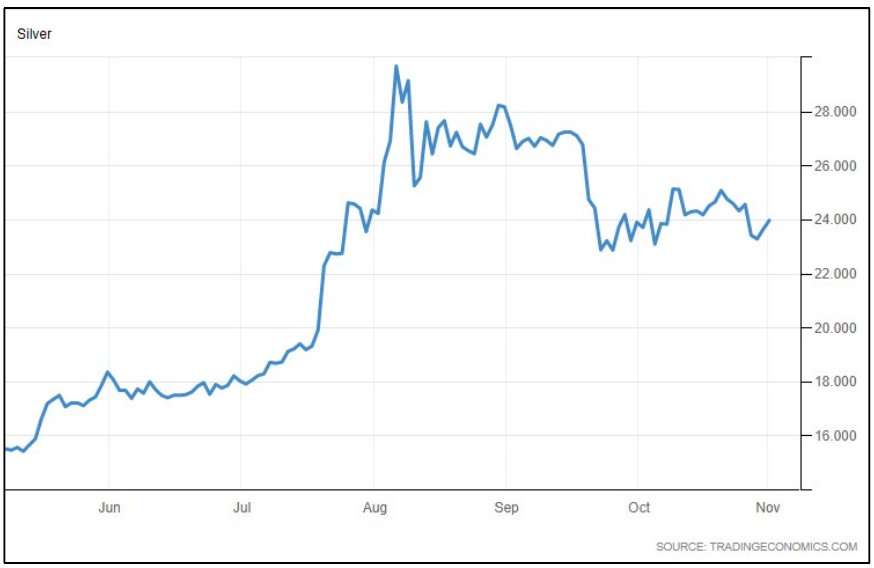
Processing Operations

During the current quarter, a record total of 13,083 Au ounces (2019: 8,460) and 119,257 Ag ounces (2019: 68,421) were produced. New records were set for daily, weekly, monthly and quarter end gold and silver production. Continued improvements related to operator training, solution application strategies, heap pad cyanide soluble inventory reduction and Merrill Crowe capacity/performance continue to generate strong results. Merrill Crowe recoveries and processed solution flows continued to rise with recovery rates for both the quarter and fiscal year-to-date of 99% (2019: 81%). Project to date heap pad recoveries continue to rise and ended the quarter at just over 66% and in a rising trend showing a pull down of pad inventory that is continuing into the second quarter of the fiscal year. Total flows through the pad rose for the quarter, but we anticipate a drop as we begin to place on the far Eastern section of the pad that is dry, having been in a rest cycle for 3 months.

Sales

Northern Vertex continues to benefit from a rising trend in gold prices and increasing production volumes. Average realized gold and silver prices for the current quarter were $1,887 and $25.32 respectively, in comparison to $1,467 and $17.16 respectively for the comparative quarter.





During the quarter, the Company sold a total of 12,824 gold ounces and 112,136 silver ounces for a record revenue of $27,033, versus 9,112 gold ounces and 73,495 silver ounces sold, for total revenue of $14,631 during the same quarter of 2019.

6. Summary of quarterly results

	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2019	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018
Revenue	$ 26,829	$ 18,070	$ 13,088	$ 11,253	$ 14,550	$ 9,382	$ 8,577	$ 5,792
Operating income before depreciation and depletion	11,955	7,285	5,214	2,343	3,786	542	2,397	532
Profit (loss) for the period	(18,783)	3,944	7,511	(5,080)	(5,645)	(6,232)	(1,334)	(5,266)
Basic profit (loss) per share	(0.07)	0.02	0.03	(0.02)	(0.02)	(0.02)	(0.01)	(0.03)
Cash provided by (used in) operating activities	10,742	3,932	2,445	393	3,348	103	(2,275)	(2,915)

The loss of $18,783 for the current quarter was driven by non-cash derivative liability revaluations of 26,278, offset by strong earnings from mine operations before depreciation and depletion of $11,955, which included increased gold production and strengthening gold prices.

Cash provided from operating activities was $10,742, which was a $7,395 improvement over the same quarter of 2019 (cash provided of $3,347), was a result of higher gold production/gold price and partially offset by higher production costs that are linked to expenditures for contract mining and tonnes moved.

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

Cash Costs & All-in sustaining costs (AISC)

AISC includes total cash costs, sustaining capital expenditures, accretion on decommissioning and restoration provision, treatment and refinery charges netted against revenue and corporate administrative expenses, all divided by gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. Please refer to section 22 for a complete explanation on non-GAAP measures.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Gold ounces produced	13,083	8,460
Gold ounces sold	12,824	9,112
AISC reconciliation		
Cash costs	$ 12,239	$ 9,584
Sustaining capital expenditures	4,536	241
Accretion	116	73
	16,891	9,899
Moss Mine Cash Cost per ounce produced	**935**	**1,133**
Moss Mine AISC per ounce produced	**1,291**	**1,170**
Moss Mine Cash Cost per ounce sold	**954**	**1,052**
Moss Mine AISC per ounce sold	**$ 1,317**	**$ 1,086**

The cash cost of $954 per ounce sold includes approximately $47 per ounce of one-time costs tied to the transition of mining contractors, and increased operating costs as activities in the center pit were constrained as the final benches were being mined. Mining in the center pit will be completed by the end of 2020. The AISC of $1,317 per ounce sold includes capital expenditures of $292 per ounce for the construction of the power line, West pit pioneering, the infill drilling and exploration program, a heap leach pad expansion, and for replacement equipment.

7. Financial Operating Results

The Company had quarterly operating income before depreciation and depletion for 2020 of $11,955 versus $3,786 for the quarter ended September 30, 2019. The improvements to income were driven by higher gold and silver production/sales and higher metals prices.

Earnings from Mine Operations

Earnings from mine operations for the three months ended September 30, 2020 and 2019 are comprised of the following:

	Three Months Ended September 30, 2020	2019
Revenue	$ 26,829	$ 14,550
Production costs	(13,330)	(9,831)
Royalties	(1,544)	(933)
Operating income before depreciation and depletion	11,955	3,786
Depreciation and depletion	(3,734)	(3,300)
Earnings from mine operations	**$ 8,221**	$ 486

Operating income excluding depreciation and depletion was $11,955 for the three months ended September 30, 2020, in comparison to $3,786 for the three months ended September 30, 2019. The Company sold 12,824 gold ounces (2019: 9,112) at an average realized gold price of $1,887 (2019: $1,467). Revenue is presented net of refining costs which were $204 for the three months ended September 30, 2020 (2019: $81).

Production costs are comprised of mining, processing, maintenance, site administration and site share-based compensation net of inventory changes and include write-downs of inventories due to net realizable value. The increase in production costs for the quarter is directly related to 1) tonnes mined, which increased by 48% in the quarter ended September 30, 2020 compared to the comparative quarter, and 2) one-time mobilization and demobilization costs tied to the change-out of mining contractors.

Depreciation and depletion were $3,734 for the three months ended September 30, 2020 (2019: $3,300). Depletable mineral properties and most assets included in plant and equipment are depleted on a units of production basis over the life of the mine.

Increases in royalty expenses is directly related to higher revenue. Refer to Note 7 of the Company's September 30, 2020 condensed interim consolidated financial statements for details relating to the Company's royalty obligations.

Net Profit

The loss for the three months ended September 30, 2020 and 2019 is comprised of the following items:

	Three Months Ended September 30, 2020	2019
Operating income before depreciation and depletion	$ 11,955	$ 3,786
Depreciation and depletion	(3,734)	(3,300)
Earnings from mine operations	8,221	486
Corporate administrative expenses	(794)	(730)
Finance costs including non-cash fair value losses on derivatives	(1,391)	(2,540)
Loss on revaluation of derivative liabilities	(26,278)	(2,931)
Foreign exchange gain	(129)	70
Government grant	1,588	-
Net loss for the period	**$ (18,783)**	$ (5,645)

Loss for the quarter ended September 30, 2020 of $18,783 (2019: $5,645), was a result of non-cash revaluation losses of $26,278 for the 1) silver stream embedded derivative (tied to silver price), 2) warrant option value (tied to share price), and 3) convertible debenture option values which is tied to share price. The non-cash losses were offset by improvement in earnings from mine operations of $7,735. The increase in earnings from mine operations was driven by increased gold production/sales and improving gold and silver prices.

Corporate Administrative Expenses

Corporate administrative expenses of $794 for the three months ended September 30, 2020 was a $64 increase compared to the three months ended September 30, 2019, due to an increase in marketing and investor relations expenditure, offset by a decrease in share-based compensation.

Cash Flows

Cash provided from operating activities during the quarter ended September 30, 2020 was $10,742, which was s $7,395 improvement over the previous year (2019: $3,347). Increased production and a rising gold price quarter over quarter were the principal drivers of positive cashflow from operations, partially offset by higher operating costs tied to mining costs.

Cash used in financing activities during the quarter ended September 30, 2020 was $920 (2019: $581) which consisted of principal repayments of debt, interest on debt and principal repayments of equipment leases, offset by a drawdown of the multiple advanced promissory note.

Cash used in investing activities during the quarter ended September 30, 2020 was $4,461 (2019: $365) and consisted primarily of expenditures relating to construction of a electrical transmission system, and exploration drilling.

8. Exploration

The multi-phase in-fill drilling and exploration program which started in May continued through the quarter ended September 30 with approximately 95 holes and almost 40,000 feet being completed. Twelve of the holes were infill, while thirty of the holes were focused on the area of the high wall between the center and west pits, and forty of the holes were directed towards the Ruth vein that is located approximately 150 meters south of the center pit. Gold and silver assay results for seventy-one holes had been received by quarter end.

Numerous significant intercepts have been reported during the drilling program, and mineralization has been demonstrated to extend well beyond the current life of mine pit limits. As a result, the resource is expected to increase, resulting in a new resource model and potentially an updated NI 43-101 Technical Report.

9. Liquidity and Capital Resources

As at September 30, 2020, the Company had cash and cash equivalents of $12,142 (June 30, 2020: $6,785). The increase in cash compared to the year ended June 30, 2020 was primarily due to increased production and a rising gold price, partially offset by cash expenditures on capital projects and one-time mobilization/demobilization costs.

During the quarter ended September 30, 2020, working capital decreased by $14,808. The decrease in working capital was primarily due to an increase in non-cash derivative liabilities and trade payables tied to capital projects, offset by an increase in cash reserves.

The Company is in compliance with externally imposed debt covenants relating to its debt facilities and lease obligations as at September 30, 2020.

10. Subsequent Events

- Subsequent to September 30, 2020, 1,500,000 Restricted Share Units of the Company vested and were settled in cash on October 9, 2020 at a value of C$0.62 each.

11. Contractual Obligations

At September 30, 2020, the Company had the following contractual obligations outstanding:

		Within 1 year		2–3 years		4-5 years		5+ years		Total
Debt[1]	$	9,387	$	974	$	5,395	$	2,352	$	**18,108**
Trade and other payables		13,930		-		-		-		**13,930**
Lease commitments[2]		2,200		739		11		-		**2,950**
Silver transfer		3,463		4,391		3,270		1,329		**12,453**
Provision for reclamation[3]		-		-		-		2,880		**2,880**
	$	**28,980**	**$**	**6,104**	**$**	**8,676**	**$**	**5,561**	**$**	**50,321**

(1) Includes interest due on convertible debenture and debt.
(2) Includes lease obligation and operating lease commitments.
(3) Represents the undiscounted value of the reclamation provision.

12. Off-Balance Sheet Arrangements

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

13. Related Party Transactions

Related party transactions were incurred in the normal course of business and measured at their fair value which is the amount of consideration established and agreed to by the parties. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

Related party balances are as follows:

		September 30, 2020		June 30, 2020
Shared office expenses receivable	**$**	**15**	$	8
Consulting fees payable	**$**	**7**	$	7

Related party transactions are as follows:

	Note		September 30, 2020		September 30, 2019
Consulting fees	(i)	**$**	**24**	$	22
Shared office expense recovery	(ii)	**$**	**(12)**	$	(7)

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

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

Commitments with Related Parties

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

Debt with a significant shareholder

As at September 30, 2020, the Company has an outstanding convertible debenture with a significant shareholder. The facility can be converted into common shares at the holder's option.

Balances due to the significant shareholder are as follows:

		September 30, 2020		June 30, 2020
Convertible debentures – 2019	**$**	**8,343**	$	8,119

Transactions with the significant shareholder are as follows:

		September 30, 2020		September 30, 2019
Interest expense	**$**	**257**	$	275

14. Key Management Personnel Compensation

The remuneration of the Company's directors and other key management personnel for the three months ended September 30, 2020 and 2019 is as follows:

		September 30, 2020		September 30, 2019
Salaries and short-term benefits	**$**	**331**	$	195
Directors fees – full year		**141**		-
Shared-based payments		**264**		120

15. Conflicts of Interest

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

16. Proposed Transactions

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

17. Adoption of New Accounting Standards

No new accounting standards have been adopted during the three months ended September 30, 2020 and 2019.

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

There were no pronouncements that may have a significant impact to the Company during the three months ended September 30, 2020 and 2019.

19. Corporate Governance

The current Board of Directors is comprised of seven individuals, five of whom are independent of management as they are neither executive officers nor employees of the Company. The Audit Committee is currently composed of three directors who are independent of management.

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

20. Outstanding Share Data

The total number of outstanding common shares, stock options, and warrants as of the date of this MD&A are 251,500,988, 13,450,000 and 93,287,409 respectively.

21. Fair Value Measurements and Financial Risk Management

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 – Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the condensed interim consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Accounts receivable at September 30, 2020 related primarily to gold and silver sales which are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

(b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. A summary of contractual maturities of financial liabilities is included in Note 24 of the Company's Condensed Interim Consolidated Financial Statements for the three months ended September 30, 2020 and 2019.

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.

As at September 30, 2020 the Company had a working capital deficit of $10,411 (June 30, 2020: working capital of $4,397). Included in current liabilities at September 30, 2020 was $21,956 relating to derivative liabilities that will not result in an outflow of cash when they are settled. The 44.6 million warrants giving rise to a derivative liability of $6,729 will also result in cash proceeds of C$17,839 if they are exercised on or before December 12, 2020. Also, the convertible debentures included in current liabilities with a carrying value of $8,343 mature on December 1, 2020 and will not result in an outflow of cash if they are converted, but can be repaid with cash on hand if required. As at September 30, 2020, both the warrants and the convertible debentures are in the money.

(c) Market risk

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

(i) Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the USD in relation to CAD will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

(ii) Commodity price risk

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

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

(iii) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. I Interest rate risk arises from the interest rate impact on cash, which is held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate date would increase annual interest expense by $59. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

22. Non-IFRS Performance Measures

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

Total cash costs

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

Total cash costs include cost of sales such as mining, processing, maintenance, site administration, royalties, selling costs and changes in inventories as well as site-based share compensation less non-cash depreciation and depletion and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently. The following table reconciles this non-IFRS measure to the most directly comparable IFRS measure disclosed in the financial statements.

	Three Months Ended September 30, 2020		**Three Months Ended September 30, 2019**	
Gold ounces sold		12,824		9,112
Cost of sales per ounce sold reconciliation				
Cost of sales	$	18,608	$	14,064
Cost of sales per ounce of gold sold	$	1,451	$	1,543
Cash costs reconciliation				
Cost of sales	$	18,608	$	14,064
Less: Depreciation and depletion		(3,734)		(3,300)
Add: Refining and transportation		204		81
Less: Silver revenue		(2,839)		(1,261)
Cash costs		12,239		9,584
Cash costs per ounce of gold sold	$	954	$	1,052

Cash costs for the three months ended September 30, 2020 are lower than the three months ended September 30, 2020 due to increased production during the quarter.

All-in sustaining costs (AISC)

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

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

	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019
Gold ounces sold		12,824		9,112
AISC reconciliation				
Cash costs	$	12,239	$	9,584
Sustaining capital expenditures		4,536		241
Accretion		116		73
		16,891		9,899
Moss Mine AISC per ounce sold	$	1,317	$	1,086

AISC for the three months ended September 30, 2020 is higher than the three months ended September 30, 2019 due significant sustaining capital expenditure for the powerline construction and exploration drilling.

		Three Months Ended September 30, 2020		Three Months Ended September 30, 2019
Gold ounces sold		12,824		9,112
Moss Mine AISC		16,891		9,899
Corporate administrative expenses		794		730
		17,685		10,629
Consolidated AISC per ounce sold	$	1,379	$	1,166

Average realized price and average realized cash margin

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

Average realized price is calculated as revenue per the Company's Condensed Interim Consolidated Statements of Loss and Comprehensive Loss in the Company's September 30, 2020 Condensed Interim Consolidated Financial Statements with adjustments as noted below, less silver revenue divided by gold ounces sold. Average realized cash margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Gross Revenue	24,194	13,370
Gold ounces sold	12,824	9,112
Average realized price per ounce sold	1,887	1,467
Less: cash cost per ounce sold	(954)	(1,052)
Average realized margin per gold ounce sold	933	415

Adjusted EBITDA

The Company defines adjusted EBITDA as net earnings/loss before finance costs, finance income, income taxes, mineral property and capital asset depletion/depreciation and amortization, equity-settled share-based compensation expense and gains/losses on assets, liabilities and investment dispositions. Adjusted EBITDA is a common financial measure used by investors, analysts and lenders as an indicator of cash operating performance, as well as a valuation metric and as a measure of a company's ability to incur and service debt. The calculation of adjusted EBITDA excludes items that do not reflect ongoing cash operations, including equity-settled share-based compensation and charges related to funding decisions that the Company believes should not be reflected in a metric used for valuation and debt servicing evaluation purposes.

While adjusted EBITDA is a common financial measure widely used by investors to facilitate the valuation of an entity, they do not have a standardized definition prescribed by IFRS and therefore, other issuers may calculate adjusted EBITDA differently. The following is a reconciliation of our net loss to adjusted EBITDA.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Net profit (loss)	(18,451)	(5,645)
Depreciation and depletion	3,734	3,300
Finance costs (income)	27,331	5,471
Share-based compensation	722	261
Foreign exchange (gain) loss	135	(70)
Adjusted EBITDA	13,471	3,317

23. Risks and Uncertainties

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

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

Need for Additional Funds

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

Exploration and Development

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

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

Metal Prices

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

Title Risks

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

Environmental Regulations, Permits and Licenses

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

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

Taxation Risk

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

Competition and Agreements with Other Parties

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

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

Economic Conditions

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

Dependence on Management

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

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 forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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.