

# **NSX Silver Inc.**

Unaudited Interim Condensed  
Financial Statements  
(expressed in Canadian dollars)

**September 30, 2017**

November 29, 2017

## **Management's Report**

The accompanying unaudited interim condensed financial statements of **NSX Silver Inc.** are the responsibility of management and have been approved by the Board of Directors. The unaudited interim condensed financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim condensed financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the unaudited interim condensed financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited interim condensed financial statements, and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditors of the Company.

(signed) "*James Nicoll*"  
Executive Chairman  
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"  
Chief Financial Officer  
Halifax, Nova Scotia

# NSX Silver Inc.

## Unaudited Condensed Interim Statements of Financial Position

As at September 30, 2017 and December 31, 2016

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(expressed in Canadian dollars)

	September 30, 2017 \$	December 31, 2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	22,915	133,046
Sales tax recoverable	46,429	24,866
Deposits and prepaids	10,000	25,364
	<hr/>	<hr/>
	79,344	183,276
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<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 4)	281,187	206,707
Amount due to shareholders (note 5)	59,676	59,676
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	340,863	266,383
<b>Equity</b> (note 6)	<hr/>	<hr/>
	(261,519)	(83,107)
	<hr/>	<hr/>
	79,344	183,276
	<hr/>	<hr/>

### Nature of operations and going concern (note 1)

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

### Approved by the Board of Directors

(signed) "Hans van Hoof", Director

(signed) "Glenn Holmes", Director

## NSX Silver Inc.

### Unaudited Interim Condensed Statements of Changes in Equity For the periods ended September 30, 2017 and 2016

(expressed in Canadian dollars)

	Share capital \$ (note 9)	Warrants \$ (note 9)	Contributed surplus \$ (note 9)	Deficit \$	Total \$
<b>Balance – December 31, 2015</b>	5,600,249	–	310,000	(5,999,230)	(88,981)
Net loss and comprehensive loss for the period	–	–	–	(125,844)	(125,844)
Shares issued for cash, net of share issue costs	245,972	–	–	–	245,972
Warrants issued for cash	–	25,000	–	–	25,000
<b>Balance – September 30, 2016</b>	<b>5,846,221</b>	<b>25,000</b>	<b>310,000</b>	<b>(6,125,074)</b>	<b>56,147</b>
<b>Balance – December 31, 2016</b>	5,869,221	25,000	310,000	(6,287,328)	(83,107)
Net loss and comprehensive loss for the period	–	–	–	(238,412)	(238,412)
Shares issued for cash, exercise of warrants	62,500	(2,500)	–	–	60,000
Expiration of warrants	–	(22,500)	22,500	–	–
<b>Balance – September 30, 2017</b>	<b>5,931,721</b>	<b>–</b>	<b>332,500</b>	<b>(6,525,740)</b>	<b>(261,519)</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

## NSX Silver Inc.

### Unaudited Interim Condensed Statements of Loss and Comprehensive Loss For the periods ended September 30, 2017 and 2016

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(expressed in Canadian dollars)

	Three months ended Sept 30, 2017 \$	Three months ended Sept 30, 2016 \$	Nine months ended Sept 30, 2017 \$	Nine months ended Sept 30, 2016 \$
<b>Operating expenses</b>				
Consulting fees	46,335	76,332	173,442	84,332
Business fees	6,209	12,466	9,245	16,172
Insurance	765	1,153	3,801	3,485
Professional fees	17,350	790	34,962	5,507
Travel	2,745	3,209	8,010	4,971
Office and other	3,838	7,425	8,952	11,377
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net loss and comprehensive loss for the period</b>	(77,242)	(101,375)	(238,412)	(125,844)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Loss per share - basic and diluted</b>	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.02)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Weighted average outstanding common shares – basic and diluted</b>	9,839,325	6,667,229	9,675,977	5,289,428
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The accompanying notes are an integral part of these unaudited condensed interim financial statements.

# NSX Silver Inc.

## Unaudited Interim Condensed Statements of Cash Flows For the periods ended September 30, 2017 and 2016

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(expressed in Canadian dollars)

	2017 \$	2016 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss and comprehensive loss for the periods	(238,412)	(125,844)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	(21,563)	(11,200)
Decrease (increase) in deposits and prepaid expenses	15,364	(1,517)
Increase (decrease) in accounts payable and accrued liabilities	74,480	68,227
	<u>(170,131)</u>	<u>(70,334)</u>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of issue costs	–	268,972
Proceeds from the exercise of warrants	60,000	–
Advances from (repayments to) shareholders - net	–	10,020
	<u>–</u>	<u>278,992</u>
<b>Net change in cash and cash equivalents for the periods</b>	(110,131)	208,658
<b>Cash and cash equivalents – Beginning of periods</b>	<u>133,046</u>	<u>1,918</u>
<b>Cash and cash equivalents – End of periods</b>	<u>22,915</u>	<u>210,576</u>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

# NSX Silver Inc.

## Notes to Unaudited Interim Condensed Financial Statements For the periods ended September 30, 2017 and 2016

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(expressed in Canadian dollars)

### 1 Nature of operations and going concern

#### Nature of operations

NSX Silver Inc. (the "Company") was incorporated under the Canada Business Corporations Act on August 9, 2011 as a wholly owned subsidiary of NSGold Corporation ("NSGold"). The common shares of the Company commenced trading on the TSX Venture Exchange, on March 14, 2012, as a mining issuer with the symbol NSY. As a result of the Company's disposition of its only resource property in 2015, the Company no longer met the minimum listing requirements of the TSX Venture Exchange. As a result, the listing of the Company's common shares was transferred to the NEX, a separate board of the TSX Venture Exchange, effective February 8, 2016.

On July 31, 2017, the Company announced that it entered into a letter of intent with Village View Limited Partnership No.1 to acquire all of the real property located at 41 Noel Avenue, Saint John, New Brunswick ("41 Noel Avenue") (the "Transaction"). 41 Noel Avenue is a multi-unit residential property totaling 31 units. Completion of the Transaction as contemplated would constitute a change of business in accordance with TSX Venture Exchange ("TSXV" or the "Exchange") Policy 5.2., *Changes of Business and Reverse Take-overs*, as the Company's current business is exploration for minerals. The proposed Transaction would see the Company engage in the ownership and management of multi-unit residential real estate. As a result, the Transaction is subject to Exchange acceptance and will also require the approval of the shareholders of NSX Silver.

#### Going concern

These unaudited condensed interim financial statements as at September 30, 2017 have been prepared on the basis of International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption, as the Company has an accumulated deficit of \$6.5 million and has no operations at this time which will generate revenue.

The ability of the Company to continue as a going concern, and to realize its assets and discharge its liabilities when due, is dependent upon its ability to secure sufficient financing to fund ongoing operations and its general and administrative costs. The Company is in the process of attempting to source additional financing to meet the Company's cash requirements and to recommence operating activities. Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital.

### 2 Basis of presentation

#### Statement of compliance

The Company prepares its unaudited condensed interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, has been omitted or condensed. These financial statements should be read in conjunction with the Company's annual audited financial statements for the year-ended December 31, 2016.

# NSX Silver Inc.

## Notes to Unaudited Interim Condensed Financial Statements For the periods ended September 30, 2017 and 2016

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(expressed in Canadian dollars)

### 2 Basis of presentation (continued)

#### Statement of compliance (continued)

These financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

The Board of Directors approved these financial statements for issue on November 29, 2017.

#### Basis of measurement

These unaudited interim condensed financial statements have been prepared under the historical cost basis.

#### Use of estimates and judgments

The preparation of the financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current as well as expected economic conditions. Actual results may differ from these estimates.

### 3 Significant accounting policies

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended December 31, 2016. Refer to note 3 – Significant Accounting Policies, of the Company's annual consolidated financial statements for the year ended December 31, 2016 for information on accounting policies, as well as, new accounting standards not yet effective.

### 4 Accounts payable and accrued liabilities

	September 30, 2017	December 31, 2016
	\$	\$
Accounts payable	233,687	186,707
Accrued liabilities	47,500	20,000
	<u>281,187</u>	<u>206,707</u>

As at September 30, 2017, \$21,500 (2016 - \$nil) of accounts payable and accrued liabilities is due to the officers and directors of the Company.

### 5 Amount due to shareholders

The amount due to shareholders is comprised of cash advances which are non-interest bearing, unsecured and are payable upon demand.

# NSX Silver Inc.

## Notes to Unaudited Interim Condensed Financial Statements For the periods ended September 30, 2017 and 2016

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(expressed in Canadian dollars)

### 6 Share capital

#### a) Authorized capital stock

Unlimited number of common shares, without nominal or par value  
Unlimited number of preferred shares, without nominal or par value, issuable in one or more series

	<b># of shares</b>	<b>Amount \$</b>
<b>Common shares issued and fully paid</b>		
<b>Balance – December 31, 2015</b>	4,592,957	5,600,249
Shares issued for cash, net of issue costs	4,999,992	268,972
<b>Balance – December 31, 2016</b>	9,592,949	5,869,221
Shares issued for cash, exercise of warrants	499,998	62,500
<b>Balance – September 30, 2017</b>	<u>10,092,947</u>	<u>5,931,721</u>

#### b) Private placement

On August 16, 2016, the Company completed a non-brokered private placement raising gross proceeds of \$300,000 through the issuance of 4,999,992 units at a price of \$0.06 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for \$0.12 for a period of 12 months from the closing date. The capital stock value of the 4,999,992 shares issued is net of the warrant valuation of \$25,000 and share issue costs of \$6,028.

#### c) Options

The Company adopted a stock option plan for directors, officers, employees and consultants of the Company in 2011. During the year ended December 31, 2013, the Board of Directors approved an increase, in the maximum number of shares that may be issued under the stock option plan, from 300,000 to 400,000 shares. During the quarter ended March 31, 2017, the Board of Directors approved an increase, in the maximum number of shares that may be issued under the stock option plan, from 400,000 to 1,000,000. The exercise price of the stock options is determined by the Board of Directors when the options are granted, but cannot be less than the closing price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which the option is granted. The maximum exercise period of the stock options is ten years.

During the periods ended September 30, 2017 and 2016, the Company did not grant any stock options. At September 30, 2017 and 2016, the Company did not have any stock options granted and outstanding.

# NSX Silver Inc.

## Notes to Unaudited Interim Condensed Financial Statements For the periods ended September 30, 2017 and 2016

(expressed in Canadian dollars)

### 6 Share capital (continued)

#### d) Warrants

The following table summarizes the changes in the Company's warrants for the periods ended September 30, 2017 and 2016:

	Expiry date	Exercise price \$	Number	Ascribed value \$
<b>Balance – December 31, 2015</b>			–	–
Warrants issued pursuant to August 2016 private placement financing	August 16, 2017	0.12	4,999,992	25,000
<b>Balance – December 31, 2016</b>			4,999,992	25,000
Warrants exercised during the period			(499,998)	(2,500)
Warrants expired during the period			(4,499,994)	(22,500)
<b>Balance – September 30, 2017</b>			–	–

The fair value of warrants issued pursuant to the August 2016 private placement financing of \$25,000 was estimated at the issue date using the residual method of valuation.

#### e) Contributed surplus

	\$
<b>Balance – December 31, 2015 and December 31, 2016</b>	310,000
Expiration of warrants	22,500
<b>Balance – September 30, 2017</b>	332,500

### 7 Related party transactions

During the nine month period ended September 30, 2016, the Company received advances from a director aggregating \$18,000. These advances are non-interest bearing and are payable upon demand.

During the nine month period ended September 30, 2016, the Company incurred legal fees aggregating \$3,727 from a law firm of which one of the officers is a partner.

During the nine month period ended September 30, 2016, officers and directors subscribed to an aggregate of 1,021,665 units issued by the Company pursuant to equity financings for aggregate subscription proceeds of \$61,300.

# **NSX Silver Inc.**

## **Notes to Unaudited Interim Condensed Financial Statements For the periods ended September 30, 2017 and 2016**

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(expressed in Canadian dollars)

### **8 Financial instruments and other**

#### **Credit risk**

The Company manages credit risk by holding its cash with high quality financial institutions in Canada, where management believes the risk of loss to be low.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company must secure financing during 2017 to avoid disruption in planned expenditures (see note 1).

#### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk

### **9 Subsequent event**

Subsequent to September 30, 2017 the Company entered into an agreement with Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc. (together the "Agents") to sell, on a commercially reasonable efforts private placement basis, a minimum of 18,000,000 subscription receipts (the "Subscription Receipts") at a price of \$0.15 per Subscription Receipt (the "Issue Price"), for minimum aggregate gross proceeds of approximately \$2.7 million. The Offering is expected to close on or before December 14, 2017, or such other date as the Company and the Agents may agree (the "Closing Date").

Upon the satisfaction of the Escrow Release Conditions on or prior to three months following the Closing Date, each Subscription Receipt shall be automatically converted without any further action by the holder, and for no additional consideration into one unit of the Company (a "Unit"). Each Unit shall consist of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant. Each full warrant (a "Warrant") shall entitle the holder thereof to acquire one common share of the Company for a period of 24 months from the date of issuance thereof at a price of \$0.25 per common share.

The proceeds of the Offering (the "Escrowed Funds"), shall be deposited in escrow on the Closing Date. The Escrowed Funds (less amounts payable by the Company to the Agents) shall be released from escrow by the Escrow Agent to the Company upon the completion or irrevocable waiver or satisfaction of all conditions precedent to the Transaction and the TSXV Listing (together, the "Escrow Release Conditions").

In the event that the Escrow Release Conditions are not satisfied or incapable of being satisfied on or before the date which is three months following the Closing Date, the proceeds under the Offering, with accrued interest earned thereon, will be returned to the subscribers and the Subscription Receipts will be cancelled.

## **NSX Silver Inc.**

### **Notes to Unaudited Interim Condensed Financial Statements**

**For the periods ended September 30, 2017 and 2016**

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(expressed in Canadian dollars)

#### **9 Subsequent event** (continued)

The Company has agreed to: (i) pay the Agents a cash commission equal to 7% of the gross proceeds of the Offering (the “Agents’ Fee”), and (ii) issue to the Agents such number of share purchase warrants (each, an “Agents’ Warrant”) as is equal to 7% of the number of Subscription Receipts sold under the Offering, with each Agents’ Warrant entitling the holder to acquire one post-Transaction common share at the Issue Price until the date that is 24 months from the Closing Date.

The Company will use the net proceeds of the Offering to acquire all of the real property located at 41 Noel Avenue, to post a securable deposit to reduce the mortgage level of 41 Noel Avenue and general corporate and working capital purposes.