

## NSX SILVER INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Background

This Management's Discussion and Analysis (MD&A) of NSX Silver Inc. ("NSX Silver" or "the Company") is dated May 1, 2017 and should be read in conjunction with the audited financial statements and accompanying notes for the years ended December 31, 2016 and December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards (IFRS) for financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) under the Company's profile. The common shares of NSX Silver are traded on the NEX Board of the TSX Venture Exchange under the symbol "NSY.H".

#### Forward-Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively- forward-looking statements). NSX Silver is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, NSX Silver has assumed that the risks listed below will not adversely impact the business of NSX Silver.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of NSX Silver, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and processing licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of NSX Silver.

Furthermore, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, NSX Silver undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of NSX Silver or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Refer to the section titled "Risk and Uncertainties".

#### Company Overview

NSX Silver Inc. was incorporated on August 9, 2011 under the Canada Business Corporations Act as a wholly-owned subsidiary of NSGold Corporation ("NSGold").

NSGold, the former parent company of NSX Silver, is a mineral exploration company with gold and base metal properties located in Nova Scotia, Canada. In April 2011, NSGold signed an agreement whereby it secured the option to acquire a 100% ownership interest in the three mining concessions comprising the Dios Padre Property,

including the historic Dios Padre Silver Mine, located in Sonora State, Mexico. In July 2011, NSGold announced that it commenced the process to separate its Nova Scotia gold and base metal assets and its Mexican silver assets into two separate public companies so that NSGold could devote itself solely to exploration for gold and other metals. NSX Silver was incorporated in August 2011 as a wholly-owned subsidiary of NSGold, with the intention of taking over NSGold's exploration properties in Mexico.

On August 5, 2011, NSGold completed a private placement of 8,627,451 common shares at a price of \$0.51 per share, for gross proceeds of \$4.4 million. The net proceeds from this financing were allocated to funding the activities of NSX Silver and working capital.

On October 21, 2011, NSX Silver and NSGold, as promoter, filed a preliminary prospectus with the securities commissions of each of the provinces of Canada in connection with a distribution of NSX Silver common shares to the shareholders of NSGold. A special meeting of shareholders of NSGold was held on December 22, 2011, at which the shareholders approved a special resolution reducing NSGold's paid-up capital in connection with the "spin-out" of the shares of NSX Silver to the shareholders of NSGold. The reduction of NSGold's paid-up capital is intended to result in the distribution of the shares of NSX Silver being treated as non-taxable for most of NSGold's shareholders.

On March 1, 2012, NSX Silver obtained a receipt from the securities commissions of each of the provinces of Canada for a final prospectus dated February 28, 2012. The prospectus qualified shares of NSX Silver to be distributed by NSGold to its shareholders by way of distribution in kind.

In March 2012, NSX Silver completed the acquisition from NSGold of all of the shares of Compania Minera Oso Blanco SA de CV ("CMOB") for which NSGold received one million common shares of NSX Silver. Also in March 2012, NSGold completed a share subscription agreement whereby NSGold acquired 44,428,571 common shares of NSX Silver for gross proceeds of \$4,665,000. Upon closing of the transaction, the amounts due to NSGold by each of NSX Silver for reorganization costs, and CMOB for Dios Padre exploration costs, were repaid and the net amount disbursed by NSGold was \$3,474,063. Contemporaneously the Dios Padre Option Agreement was assigned to NSX Silver.

NSGold then completed the distribution of the common shares of NSX Silver to the NSGold shareholders whereby the shareholders received one share of NSX Silver for each share of NSGold held on the record date of March 16, 2012. A total of 43,553,767 shares of NSX Silver were distributed with the distribution, effected by way of a distribution of paid up capital.

The common shares of NSX Silver commenced trading on the TSX Venture Exchange on March 14, 2012 as a Tier 2 Mining Issuer under the trading symbol "NSY".

During 2013 the Company terminated the Dios Padre option agreement and the Company's focus was redirected to its 100% owned Oso Blanco property, located in Sonora State, Mexico.

On January 23, 2015, the Company completed a one-for-ten share consolidation of its common shares.

On November 17, 2015 the Company announced it had entered into a binding letter of agreement with an arm's-length purchaser whereby it agreed to sell the shares of CMOB to the purchaser. The purchaser agreed to assume all of CMOB's liabilities and to grant to NSX Silver a 2% net smelter return royalty on any future mineral production from the eleven mining concessions that CMOB held at the time of the sale of the shares. The Company received shareholder approval for the CMOB disposition at a special meeting of shareholders held on December 16, 2015. Shareholder approval was required pursuant to Section 189 of the *Canada Business Corporations Act* as the sale of CMOB constituted a sale or exchange of all or substantially all the assets of NSX Silver. The transaction closed on December 30, 2015.

Upon closing of the CMOB Sale, the Company had no continuing business operations and the Board of Directors of the Company commenced exploring potential strategic alternatives. On February 8, 2016, the Company's listing of its common shares was transferred to the NEX Board of the TSX Venture Exchange (the "NEX"). The NEX trading

platform is a separate board of the TSXV which provides a unique trading forum for listed companies that have not maintained the TSX Venture's ongoing listing standards.

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.

On October 11, 2016, the Company entered into a share purchase agreement to acquire all of the issued and outstanding shares of Residence Cameron Ltd. ("Transaction"). Completion of the Transaction 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 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.

Subsequent to December 31, 2016, the Company announced that it terminated the Transaction and that it is pursuing the acquisition of another venture, however, management cautions there can be no assurance that an acquisition transaction will be entered into or consummated.

#### Resource Properties – Royalty Interest

NSX Silver holds a 2% net smelter return royalty on any future mineral production from the eleven mining concessions, including the Oso Blanco property, that CMOB held at the time of the sale of the shares. All of the mining concessions are located in Sonora State, Mexico and are considered to be early stage exploration properties.

#### Selected Financial Information

NSX Silver's net loss for the year ended December 31, 2016 was \$288,098 or \$0.05 per share compared to a net loss of \$338,876 or \$0.07 share for the year ended December 31, 2015 and a net loss of \$191,240 or \$0.04 per share for the year ended December 31, 2014. In 2015 the Company recorded a loss on disposition of CMOB of \$295,968 or \$0.06 per share. In 2014 the Company recorded a provision for non-recoverable Mexican VAT of \$50,000 or \$0.01 per share representing approximately 50% of the outstanding recoverable Mexican VAT at the end of 2014.

On January 23, 2015, the Company completed a one-for-ten share consolidation. All references to net loss per share have been adjusted retrospectively to reflect the one-for-ten share consolidation.

The following table contains selected financial information for the three most recently completed fiscal years.

	As at December 31, 2016 \$	As at December 31, 2015 \$	As at December 31, 2014 \$
Total current assets	183,276	6,355	62,358
Resource properties	-	-	304,077
Total assets	183,276	6,355	384,856
Total current liabilities	266,383	95,336	134,961
Total liabilities	266,383	95,336	134,961
Shareholders' Equity	(83,107)	(88,981)	249,895
Net income (loss)	(288,098)	(338,876)	(191,240)
Net income (loss) per share	(0.05)	(0.07)	(0.04)

## Results of Operations for the Year Ended December 31, 2016

NSX Silver's net loss for the year ended December 31, 2016 was \$288,098 or \$0.05 per share as compared to a net loss of \$338,876 or \$0.07 per share for the year ended December 31, 2015.

During the second half of 2016, the Company reviewed a number of potential business transactions with the intent of positioning the Company in the real estate sector. The Company incurred consulting expenses of \$216,900 during 2016 which were primarily related to these activities compared to \$nil in the prior year comparable period.

During the year ended December 31, 2016, the Company incurred filing and other business fees of \$24,788 compared to \$8,976 for the prior year. In the third quarter of 2016, the Company completed the outstanding filing of its annual audited financial statements for the year ended December 31, 2015 together with the related MD&A filing. The Company incurred late filing fees associated with these filings of approximately \$11,000 compared to \$nil in the prior year.

During the year ended December 31, 2016 the Company incurred travel expenses of \$10,945 compared to \$nil in the prior year comparable period. The travel expenses related to the investigation of potential apartment building acquisitions and equity financing alternatives.

In 2015, the Company completed sale of all the shares of its Mexican subsidiary company, CMOB. The purchaser assumed all of CMOB's liabilities and granted to NSX Silver a 2% net smelter return royalty on any future mineral production from the eleven mining concessions that CMOB held at the time of the sale of the shares. The Company recorded a loss on the disposition of CMOB in the amount of \$295,968. Also, the Company incurred a foreign exchange loss of \$12,340 relating to the operations of CMOB during 2015.

## Summary of Quarterly Operating Results

The following table presents the quarterly operating results for the Company for the last eight quarters:

Quarter ended	Dec 31, 2016	Sept 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sept 30, 2015	Jun 30, 2015	Mar 31, 2015
Operating expenses	\$	\$	\$	\$	\$	\$	\$	\$
Consulting fees	132,568	76,332	8,000	-	-	-	-	-
Insurance	1,153	1,153	1,144	1,188	1,250	1,250	1,250	1,250
Professional fees	9,436	790	4,052	665	13,607	-	-	3,055
Filing and other fees	8,617	12,466	2,455	1,250	3,372	1,915	734	2,955
Foreign exchange loss (gain)	-	-	-	-	-	2,347	4,223	5,770
Office and other	4,507	7,425	2,879	1,073	10,757	4,637	8,299	1,237
Travel	5,974	3,209	1,762	-	-	-	-	-
Gain on settlement of accounts payable	-	-	-	-	-	(25,000)	-	-
Loss on disposition of Mexican subsidiary	-	-	-	-	295,968	-	-	-
Net income (loss) for the period	(162,255)	(101,375)	(20,292)	(4,176)	(324,954)	14,851	(14,506)	(14,267)
Basic and diluted net loss per share after 1 for 10 share consolidation	(\$0.02)	(\$0.02)	(\$0.004)	(\$0.001)	(\$0.07)	\$0.003	(\$0.003)	(\$0.003)

## Liquidity and Capital Resources

The Company had cash and cash equivalents of \$133,046 at December 31, 2016 compared to \$1,918 at December 31, 2015. At December 31, 2016, the Company had a working capital deficiency of \$83,107 compared to a working capital deficiency of \$88,981 at December 31, 2015.

The Company finances its operations through the issuance of equity securities. The Company is dependent on raising additional funding through the issuance of equity securities in order to meet its ongoing general and administrative requirements.

During 2016 the Company completed a non-brokered private placement raising gross proceeds of \$300,000 and received net advances from shareholders of the Company aggregating \$10,020. These advances aggregated \$59,676 at December 31, 2016 and are non-interest bearing, unsecured and payable upon demand.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Related Party Transactions**

During the year ended December 31, 2016, the Company incurred legal fees aggregating \$3,727 (year ended December 31, 2015 - \$6,068) from a law firm of which one of the officers is a partner.

During the year ended December 31, 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.

### **Outstanding Share Data**

On January 23, 2015 the Company completed a one-for-ten share consolidation which was approved at the Company's annual general meeting. All references to capital stock, warrants and options have been adjusted retrospectively to reflect the one-for-ten share consolidation.

The Company has 9,592,949 common shares issued and outstanding as at May 1, 2017. The Company completed a non-brokered private placement on August 16, 2016 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.

During the year ended December 31, 2015, the Company, with agreement from the optionees, cancelled all of the outstanding options. As a result, there are no outstanding options at December 31, 2016 and May 1, 2017.

If all the outstanding warrants were exercised, the number of common shares of the Corporation outstanding at May 1, 2017 would be 14,592,941.

### **New Standards and Interpretations Not Yet Adopted**

For the purposes of preparing and presenting the Company's financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not been adopted because they are not effective for the Company until subsequent to December 31, 2016. Standards and interpretations issued, but not yet adopted include:

#### *IFRS 9, Financial Instruments*

In July 2014, the IASB issued IFRS 9 Financial Instruments: Classification and Measurements ("IFRS 9"), replacing IAS 39, Financial instruments: Recognition and Measurement. IFRS 9 is effective for the annual period beginning on January 1, 2018, with early adoption permitted. The Company currently plans to apply IFRS 9 on January 1, 2018. The actual impact of adopting IFRS 9 on the Company's consolidated financial statements in 2018 has not been determined.

#### *IFRS 16, Leases*

IFRS 16, "Leases" ("IFRS 16") a new standard on lease accounting, was issued on January 13, 2016 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the statement of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on the Company's financial statement measurements and disclosures. The Company does not anticipate early adoption of this standard.

### *IFRS 15, Revenue from Contracts and Customers*

The IASB issued IFRS 15 “Revenue from Contracts and Customers” (“IFRS 15”) effective for annual periods beginning on or after January 1, 2018, although the standard is available for early adoption. IFRS 15 replaces IAS 18, “Revenue” and IAS 11, “Construction Contracts”, and some revenue related interpretations. The underlying principle is that an entity will recognize revenue to depict the transfer of goods and services to customers at an amount the entity expects to be entitled to in exchange for those goods and services. The Company is currently evaluating the impact of the new standard in its financial statements.

### *Amendments to IAS 7, Statement of Cash Flows*

In January 2016, the IASB issued amendments to IAS 7, Statement of Cash Flows. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. These amendments apply prospectively for annual periods beginning on or after January 1, 2017. The Company intends to adopt the amendments to IAS 7 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

### *Amendments to IAS 12, Income Taxes*

In January 2016, the IASB issued amendments to IAS 12, Income Taxes. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. The Company intends to adopt the amendments to IAS 12 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the amendments has not yet been determined.

### *Amendments to IFRS 2, Shares-based Payments*

In June 2016, the IASB issued amendment to IFRS 2, Shares-based Payments, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; b) share-based payment transactions with a net settlement feature for withholding tax obligations; and c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

### **Risks and Uncertainties**

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

**i. Limited Operating History**

The Company is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company was incorporated August 9, 2011 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

**ii. Going Concern and Liquidity**

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 raised gross proceeds of \$300,000 in August 2016 through the issuance of units in a non-brokered private placement and has entered into a share purchase agreement as part of its strategy to focus on the ownership and management of multi-unit residential real estate. The Company will need to raise additional equity in order to complete the proposed transaction. Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital.

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

**iii. Financing Risks and Dilution to Shareholders**

The Company has limited financial resources, no operations and no revenues. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

**iv. Reliance on Management and Dependence on Key Personnel**

The success of the Company will be largely dependent upon on the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

**v. Conflicts of Interest**

Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Canada Business Corporations Act (CBCA) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA.

**vi. Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

**vii. Dividends**

To date, NSX Silver has not paid any dividends on its outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).