

NSX Silver Inc.

FILING STATEMENT

**IN RESPECT OF THE CHANGE OF BUSINESS AND REACTIVATION
OF NSX SILVER INC.**

Dated as of August 21, 2018

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Change of Business described in this filing statement.

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GLOSSARY OF TERMS

“**AcquisitionCo**” means 10664316 Canada Inc., a wholly-owned subsidiary of NSX incorporated under the CBCA.

“**Advisor**” means Maven Capital Inc. or one of its Affiliates.

“**Advisor’s Warrants**” means the common share purchase warrant of NSX to be issued to the Advisor which shall entitle the holder thereof to acquire an aggregate of 300,000 Common Shares of the Company for a period of 24 months from the date of issuance thereof at a price of \$0.15 per Common Share.

“**Affiliate**” means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“**Agency Agreement**” means the agency agreement to be dated on or about the Closing Date between NSX and the Agents in connection with the Brokered Private Placement.

“**Agents**” means, collectively, Echelon and IAS, as co-lead agents.

“**Agents’ Commission**” means the cash commission to be paid by NSX to the Agents pursuant to the Agency Agreement in an amount equal to 7.0% of the aggregate gross proceeds of the Brokered Private Placement, the Series B Convertible Debentures and the Vendor Take-back Financing.

“**Agents’ Expenses**” means the Agents’ reasonable expenses and fees, including, but not limited to, travel expenses and other expenses associated with the Brokered Private Placement as well as the reasonable fees of legal counsel to the Agents, plus taxes and disbursements, in connection with the Brokered Private Placement.

“**Amending Agreements**” means, collectively, the amending agreement dated August 30, 2017 between NSX and the Vendor, the amending agreement dated May 16, 2018 between NSX, the Vendor and AcquisitionCo pursuant to which the Definitive Agreement is further amended and NSX’s interest in the Definitive Agreement and related matters is assigned to AcquisitionCo, and further amending agreements extending the Closing Date.

“**Arm’s Length Transaction**” means a transaction which is not a Related Party Transaction, as such term is defined in Exchange Policy 1.1.

“**Associate**” when used to indicate a relationship with a Person, means

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer,
- (b) any partner of the Person,

- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
 - (d) in the case of a Person, who is an individual:
 - (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person;
- but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“**Board**” means the board of directors of NSX or the Resulting Issuer, as applicable.

“**Bridge Loans**” means the interest-free loans advanced to NSX by certain lenders in the aggregate amount of \$350,000 as evidenced by promissory notes issued on May 30, 2018.

“**Broker Underlying Warrant**” means a common share purchase warrant of NSX issuable to the holder of a Broker Warrant in accordance with its terms, each Broker Underlying Warrant entitling the holder thereof to acquire one (1) Common Share at an exercise price of \$0.25 for two (2) years from the Closing Date.

“**Broker Unit**” means a unit of NSX consisting of one Common Share and one-half Broker Underlying Warrant.

“**Broker Warrants**” means the unit purchase warrants to be issued to the Agents in connection with the Brokered Private Placement, the Series B Convertible Debentures and the Vendor Take-back Financing, each broker warrant entitling the holder thereof to acquire one Broker Unit of NSX at a price of \$0.15 per Broker Unit.

“**Brokered Private Placement**” means the brokered private placement of a minimum of \$950,000 and a maximum of \$1,200,000 of Subscription Receipts at a price of \$0.15 per Unit to be completed by NSX and the Agents pursuant to the terms of the Agency Agreement.

“**Business Day**” means a day other than Saturday or Sunday or a day on which banks are generally closed for business in the city of Halifax, Nova Scotia.

“**CBCA**” means the *Canada Business Corporations Act*, and the regulations thereunder, as amended from time to time.

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**Change of Business**” or “**COB**” means a transaction or series of transactions which will redirect an issuer's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the issuer's market value, assets or operations, or which becomes the principal enterprise of the issuer, as defined in Exchange Policy 5.2.

“**Closing**” means the completion of the Transaction.

“**Closing Date**” means the closing date of the Transaction.

“**Common Shares**” means the common shares in the capital of NSX and will also be the common shares in the capital of the Resulting Issuer.

“**company**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Computershare Investor Services**” means Computershare Investor Services Inc.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“**Convertible Debentures**” means, collectively, the Series A Convertible Debentures and the Series B Convertible Debentures.

“**Corporate Finance Fee**” means a cash fee of \$25,000 plus applicable taxes to be paid by NSX to the Agents in connection with the Brokered Private Placement.

“**Debenture Offering**” means the private placement of an aggregate of \$1,300,000 of Convertible Debentures at a price of \$1,000.00 per Convertible Debenture.

“**Debenture Unit**” means a unit of NSX into which the Convertible Debentures may be converted, consisting of one Common Share and one Debenture Warrant.

“**Debenture Warrant**” means a common share purchase warrant of NSX issuable to the holder of a Debenture Unit in accordance with its terms, each Debenture Warrant entitling the holder thereof to acquire one (1) Common Share at an exercise price of \$0.175 for two (2) years from the date of issue of the Convertible Debentures.

“**Definitive Agreement**” means the agreement of purchase and sale dated August 17, 2017, as amended by the Amending Agreements, between NSX and the Vendor pursuant to which NSX, through AcquisitionCo, shall acquire the Target Assets.

“**DSUs**” means the deferred share units to be issued pursuant to the DSU Plan.

“**DSU Plan**” means the deferred share unit plan of NSX approved at the Meeting which remains subject to completion of the Transaction, approval of the Exchange and disinterested shareholder approval at the next Shareholders’ meeting of NSX.

“**Echelon**” means Echelon Wealth Partners Inc.

“**Escrow Agreements**” means, collectively, the Tier 1 Escrow Agreement and the Tier 2 Escrow Agreement.

“**Escrow Release Conditions**” means the waiver or satisfaction of: (i) all conditions precedent to the Transaction as outlined in the Definitive Agreement; (ii) Common Shares issuable pursuant to the Brokered Private Placement being listed on the Exchange; (iii) the Common Shares issuable pursuant to the Brokered Private Placement shall not be subject to any restriction of resale in Canada which extend beyond 4 months and 1 day after the closing of the Brokered Private Placement; (iv) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the Transaction; and (v) NSX shall not be in breach or default of any of its covenants or obligations under the Subscription Receipt Agreement or the Definitive Agreement, except (in the case of the Definitive Agreement only) for those breaches or defaults that have been waived by Co-Lead Agents and all conditions set out herein shall have been fulfilled, which shall all be confirmed to be true in a certificate of a senior officer of NSX.

“**Exchange**” or “**TSX-V**” means the TSX Venture Exchange Inc.

“**Exchange Policy 1.1**” means Exchange Policy 1.1 – *Interpretation*.

“**Exchange Policy 2.2**” means Exchange Policy 2.2 – *Sponsorship*.

“**Exchange Policy 5.2**” means Exchange Policy 5.2 – *Changes of Business and Reverse Takeovers*.

“**Filing Statement**” means this filing statement dated August 21, 2018, together with all schedules attached hereto.

“**Final Exchange Bulletin**” means the bulletin issued by the Exchange following the Closing and the submission of all documents required by Policy 5.2, which evidences the final Exchange acceptance of the Transaction and Reactivation.

“**IAS**” means Industrial Alliance Securities Inc.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

“**Insider**” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a company that is an insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“**Issuer**” has the meaning ascribed thereto in Exchange Policy 1.1.

“**Loan Bonus Warrants**” means an aggregate of 2,499,998 non-transferable warrants of NSX issued to arm’s-length lenders on May 30, 2018 in connection with the Bridge Loans, which warrants are exercisable into an aggregate of 2,499,998 Common Shares for a period of 12 months at an exercise price of \$0.12 per Common Share.

“**Management Agreement**” means the management agreement dated May 23, 2018 between the AcquisitionCo and 621946 NB Inc., as manager, pursuant to which 621946 NB Inc. will manage the Target Assets following Closing.

“**MD&A**” means Management’s Discussion and Analysis.

“**Meeting**” means the annual and special meeting of Shareholders held on June 28, 2018.

“**Member**” has the meaning ascribed thereto in Exchange Policy 1.1.

“**Mortgage**” means the loan and mortgage agreement on or about the Closing Date between CIBC Mortgages Inc., AcquisitionCo and NSX with respect to the Mortgage Financing.

“**Mortgage Financing**” means the first priority mortgage charge to be placed on the Target Assets in favour of CIBC Mortgages Inc. in the principal amount of \$3,300,000.

“**Named Executive Officer**” or “**NEO**” has the meaning given to it under “*Information Concerning NSX – Executive Compensation – Compensation Discussion and Analysis*”.

“**NEX**” means the NEX Board of the Exchange.

“**NSGold**” means NSGold Corporation, a corporation incorporated pursuant to the CBCA.

“**NSX**” or the “**Company**” means NSX Silver Inc., a corporation incorporated pursuant to the CBCA.

“**Option Agreements**” means, collectively, the three option agreements entered into between NSX and arms’ length third parties dated November 23, 2017, as amended on June 26, 2018, with respect to the grant of an option to NSX to acquire the Optioned Properties.

“**Optioned Properties**” means, collectively, the real property located at 50 Noel Avenue, 51 Noel Avenue, 70 Noel Avenue, represented by PIDs 55221972, 55226328, 00370593, 00370601 and 0037067, respectively, and certain portions of the real property located at 51 Noel Avenue represented by PIDs 00370320 and 55233035, respectively, as further described in the Option Agreements.

“**Person**” is to be construed broadly and includes any individual, company, partnership, joint venture, association, trust, trustee, executor, administrator, unincorporated association, governmental entity or other entity, whether or not having legal status.

“**Private Placements**” means, collectively, the Brokered Private Placement and the Debenture Offering.

“**Reactivation**” means the date on which NSX becomes eligible to re-list on Tier 2 of the Exchange by meeting all initial listing requirements of the Exchange and includes any other transaction in connection with the reactivation of NSX.

“**Related Party Transaction**” has the meaning ascribed to that term in Exchange Policy 1.1 and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction.

“**Resulting Issuer**” means the Company following completion of the Transaction and the issuance of the Final Exchange Bulletin, expected to be named ViveRE Communities Inc.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, which is available at www.sedar.com.

“**Series A Convertible Debentures**” means the secured convertible debentures in the aggregate principal amount of \$800,000 to be issued as part of the Debenture Offering.

“**Series B Convertible Debentures**” means the secured convertible debentures in the aggregate principal amount of \$500,000 to be issued as part of the Debenture Offering.

“**Series B Commitment Fee**” means a commitment fee of \$15,625 payable by NSX to Dr. Brian Ramjattan in respect of the Series B Convertible Debentures.

“**Shareholders**” means the holders of Common Shares from time to time.

“**Shares for Debt Transaction**” means the expected settlement by NSX of \$741,057 of outstanding accounts payable, shareholder advances and bridge loans through the issuance of an aggregate of 6,175,475 Common Shares, at a deemed issue price of \$0.12 per Common Share, conditionally approved by Exchange.

“**Stock Option Plan**” means the incentive stock option plan of NSX dated June 29, 2016.

“**Subscription Receipt**” means the subscription receipts issued pursuant to the Brokered Private Placement which are deemed to be exercised, without payment of any additional consideration and without further action on the part of each subscriber thereto, for one Unit each upon the satisfaction of the Escrow Release Conditions.

“**Subscription Receipt Agreement**” means the subscription receipt agreement to be dated on or about the Closing Date between the Agents, NSX and Computershare Trust Company of Canada, as escrow agent.

“**Target Assets**” means the property known as 41 Noel Avenue, and all chattels, fixtures, equipment and fitting used in connection with or attached thereto, and the benefit of all easements, agreements to lease, offers to lease, subleases, licenses, tenancies and other rights of occupancy of any nature or type regarding such property.

“**Tier 1 Escrow Agreement**” means the TSXV Form D Tier 1 value escrow agreement to be entered into among the Company, Computershare Investor Services and certain principals of the Company on or about the Closing Date.

“**Tier 2 Escrow Agreement**” means the TSXV Form D Tier 2 value escrow agreement to be entered into among the Company, Computershare Investor Services and certain principals of the Company on or about the Closing Date.

“**Transaction**” means the proposed acquisition by AcquisitionCo of the Target Assets from the Vendor on the terms and conditions set out in the Definitive Agreement which, if completed, would constitute a Change of Business for NSX under Exchange Policy 5.2.

“**Unit**” means a unit of NSX consisting of one Common Share and one-half of one Warrant.

“**Vendor**” means Village View Suites Inc., in its capacity as General Partner for Village View No. 1 Limited Partnership.

“**Vendor Take-back Financing**” means the issuance, on Closing, of 666,667 Units of NSX at a deemed issued price of \$0.15 per Unit representing an aggregate value of One Hundred Thousand Dollars (\$100,000.00) to the Vendor, or as directed.

“**Warrant**” means a common share purchase warrant of NSX issuable to the holder of a Subscription Receipt in accordance with its terms, each Warrant entitling the holder thereof to acquire one (1) Common Share at an exercise price of \$0.25 for two (2) years from the Closing Date.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

All dollar amounts referenced herein (referred to as "\$") and in the financial statements attached hereto are in Canadian dollars unless otherwise specified.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "pro forma", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely", "goals", "milestones" or negative versions thereof, as applicable, and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking statements may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or any assumption underlying any of the foregoing. In particular, forward-looking statements in this Filing Statement include, but are not limited to, statements regarding:

- the proposed Transaction;
- the timing of any Closing;
- the expected use of proceeds from the Private Placements;
- NSX's ability to obtain all required approvals in connection with the Transaction;
- expectations as to future operations of NSX and the Resulting Issuer;
- NSX's anticipated financial performance following completion of the Transaction;
- future development and growth prospects;
- expected general and administrative expenses and other expenses of NSX;
- the ability of NSX to identify other potential investment opportunities on satisfactory terms or at all; and
- the ability of NSX to obtain future financing on acceptable terms or at all,

and other statements under the headings "*Information Concerning NSX – The Private Placements*", "*Information Concerning NSX – Selected Consolidated Financial Information and Management's Discussion and Analysis*", "*Information Concerning NSX – Capitalization*", "*Information Concerning the Target Assets – Information Concerning the Transaction*", "*Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*", and "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

These forward-looking statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including NSX's experience and perceptions of historical trends, current market conditions and expected future developments, the expected completion of the Transaction, the timing and amount of capital and other expenditures, as well as other factors that are believed to be reasonable in the circumstances.

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the control of NSX, could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors that could influence actual results include, but are not limited to: the Exchange not approving the Transaction; NSX's lack of operating history as a real estate company; portfolio exposure risks and sensitivity to macro-economic conditions; the availability of sources of income to generate cash flow and revenue; risks relating to investments in illiquid real estate; the volatility of NSX's stock price; risks relating to the trading price of the Common Shares relative to net asset value; risks relating to available real estate opportunities and competition for real estate properties; the volatility of the share prices of investments in public companies, if any; risks relating to the potential concentration of investments in real estate; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; potential transaction and legal risks; and risks related to the acquisition of the Target Assets, as more particularly described under the heading "*Risk Factors*" in this Filing Statement.

The reader is cautioned that the foregoing list of factors is not exhaustive and that other factors may emerge from time to time. 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, 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. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this Filing Statement are based upon what management of NSX currently believe to be reasonable assumptions, actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or, if any of them do, what benefits will be derived therefrom. The forward-looking statements contained herein are made as of the date of this Filing Statement and, other than as specifically required by law, NSX does not assume any obligation to update or revise 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, whether as a result of new information, future events or results, or otherwise.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to NSX, the Target Assets and, assuming completion of the Transaction set out hereunder, the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of August 21, 2018, and the phrase “as of the date hereof” and equivalent phrases refer to August 21, 2018.

Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary of Terms or elsewhere in this Filing Statement. No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.**

Any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors’ report thereon, information circulars, annual information forms and business acquisition reports filed by NSX with the securities commissions or similar authorities in each of the provinces of Canada subsequent to the date of this Filing Statement and prior to the Closing of the Transaction, shall be deemed to be incorporated by reference in this Filing Statement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Filing Statement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Filing Statement.

About NSX

NSX is a company existing under the CBCA with its Common Shares listed for trading on the facilities of the NEX under the symbol “NSY.H”. AcquisitionCo, NSX’s sole subsidiary, is currently inactive and is expected to be utilized by NSX for the purpose of acquiring the Target Assets.

On July 31, 2017, NSX announced that: (a) it was pursuing the Transaction; (b) the Closing of the Transaction would constitute a Change of Business for NSX under Exchange Policy 5 (as NSX’s current business is the exploration for minerals) and (c) in connection with the Closing of the Transaction, NSX would apply to the Exchange to accept the Transaction as its Reactivation on Tier 2 of the Exchange. On November 16, 2017, NSX announced the Brokered Private Placement of Subscription Receipts to partially fund the Transaction.

The trading price of the Common Shares of the Company on October 3, 2016, the last trading day of the Company's Common Shares, was \$0.095. The Common Shares were halted from trading on the NEX on October 11, 2016 in connection with the announcement of a previous acquisition of property which was terminated as announced on May 1, 2017, and remain halted as of the date hereof.

At the Meeting, Shareholders approved, amongst other things, the name change of NSX to ViveRE Communities Inc. and the DSU Plan. The DSU Plan remains subject to approval of the Exchange and disinterested Shareholder approval at the next meeting of Shareholders of NSX.

See *"Information Concerning NSX – General Development of the Business - History"*.

About the Vendor and the Target Assets

The Vendor is Village View Suites Inc., a company incorporated under the laws of the Province of New Brunswick, in its capacity as General Partner of Village View #1 Limited Partnership. The Target Assets are the real property owned at 41 Noel Avenue, Saint John New Brunswick, PID 55195473, which building consists of a two story plus walk out ground floor 31 unit multi-family apartment building constructed in 2014. The building includes 6 one-bedroom suites and 25 two-bedroom suites. Monthly rental prices range from a low of \$950 for a one bedroom to \$1,500 for a large two bedroom.

See *"Information Concerning the Target Assets"*.

Principal Terms of the Transaction

On August 17, 2017, NSX entered into the Definitive Agreement, which was subsequently amended by the Amending Agreements. The aggregate purchase price for the Target Assets is \$5,161,500 (the "**Purchase Price**"), to be satisfied by AcquisitionCo as follows:

- (a) The sum of Seventy One Thousand Five Hundred Dollars (\$71,500.00) paid as deposits to the Vendor's solicitor which are to be credited towards the Purchase Price on Closing. A total of \$25,000 is a non-refundable deposit and \$46,500 is a refundable deposit;
- (b) the Vendor Take-back Financing, consisting of the issuance of 666,667 Units to the Vendor at a price of \$0.15 per Unit, where each Unit is composed of one Common Share and one half common share purchase warrant entitling the Vendor to acquire one Common Share at an exercise price of \$0.25 for two years from the Closing Date; and
- (c) The balance of the Purchase Price shall be payable in immediately available funds on Closing, subject to the terms and conditions contained in the Definitive Agreement. The final Purchase Price is subject to standard closing adjustments for real property acquisitions.

The deposit amounts referenced above aggregating \$71,500 have been paid by AcquisitionCo or NSX on behalf of AcquisitionCo and the parties have confirmed satisfaction and waiver of all due diligence conditions.

The Transaction and the Private Placements will form the basis for NSX's reactivation from the NEX to Tier 2 of the Exchange. Completion of the Transaction is subject to a number of conditions, including, without limitation, completion of the Private Placements and receipt of all regulatory approvals, including approval of the Exchange. The Transaction is an Arm's Length Transaction.

See *"Information Concerning the Target Assets – Information Concerning the Transaction"*,

Transaction Financing

The financing to fund the Transaction, and for working capital purposes, is being provided by the Private Placements comprising Subscription Receipts and Convertible Debentures, together with the Vendor Take-back Financing, Bridge Loans and Mortgage Financing. The Brokered Private Placement of Subscription Receipts is for a minimum of \$950,000 and a maximum of \$1,200,000 at a price of \$0.15 per Subscription Receipt, which will result in the issuance of a minimum of 6,333,333 Common shares and 3,166,666 Warrant and a maximum of 8,000,000 Common Shares and 4,000,000 Warrants.

The Debenture Offering consists of an aggregate of \$1,300,000 principal amount of Convertible Debentures, consisting of \$800,000 of Series A Convertible Debentures and \$500,000 of Series B Convertible Debentures. The Convertible Debentures

will bear interest at the rate of 12%, payable 50% in cash and 50% in Common Shares at a deemed issued price equal to a 7.5% discount to the 30-day volume weighted average closing price of the Common Shares as of the date of each interest payment, subject to Exchange approval. The Convertible Debentures have a maturity date that is 24 months from the date of issue and are convertible into Debenture Units at a price of \$0.15 per Debenture Unit. Each Debenture Unit is comprised of one Common Share and one Debenture Warrant, with Debenture Warrant entitling the holder to acquire one Common Share for a period of 24 months from the date of issuance of the Debenture Warrant at a price of \$0.175 per Common Share. Each of the Convertible Debentures are secured against assets of NSX or its subsidiary.

In addition, NSX has issued Bridge Loans in the aggregate principal amount of \$350,000, the Mortgage Financing is expected to total \$3,300,000 and the Vendor Take-back Financing represents a value of \$100,000. The Closing of the Transaction is conditional upon NSX completing the Private Placements and Mortgage Financing, which are expected to close immediately prior to, or concurrently with, the Closing of the Transaction.

See “*Information Concerning NSX – Financing – The Private Placements*”.

Shares for Debt

The Shares for Debt Transaction consists of the settlement of \$741,057 of outstanding accounts payable, shareholder advances and bridge loans through the issuance of an aggregate of 6,175,475 Common Shares, at a deemed issue price of \$0.12 per Common Share. The Shares for Debt Transaction has been conditionally approved by Exchange and is expected to close immediately prior to, or concurrently with, the Closing of the Transaction. Services provided by non-arm’s length parties included in the Shares for Debt Transaction have been approved by written consent of the majority of disinterested shareholders of NSX.

Interests of Certain Persons

No Insider, promotor or Control Person of NSX has an interest in the Transaction and no such person will receive any consideration in connection therewith. The Transaction is an Arm’s Length Transaction.

Certain insiders and promoters of NSX, and their Associates and Affiliates, both as determined before and after giving effect to the Transaction, will receive Common Shares in respect of the Shares for Debt Transaction, including Glenn Holmes, Jamie Nicoll, Brian Ramjattan, and companies controlled by them or other insiders of the Company. In addition, Mr. Ramjattan will receive the Series B Commitment Fee upon the issuance of the Series B Convertible Debentures and Maven Capital Inc., a company controlled by Kent Farrell and Jeffrey Dean, will receive the Advisor’s Warrants entitling the holder thereof to acquire an aggregate of 300,000 Common Shares of the Company for a period of 24 months from the date of issuance thereof at a price of \$0.15 per Common Share. Lastly, certain insiders or their Associates and Affiliates are expected to participate in the Brokered Private Placement and the Debenture Offering.

Available Funds and Principal Purposes

The following table sets out information respecting the Resulting Issuer’s expected sources of cash following the completion of the Transaction and the Private Placements:

Source of Funds	Minimum Offerings (\$)	Maximum Offerings (\$)
Estimated working capital of NSX as at July 31, 2018 ⁽¹⁾	110,000	110,000
Gross proceeds of sale of Subscription Receipts pursuant to Brokered Private Placement	950,000	1,200,000
Gross proceeds of sale of Convertible Debentures pursuant to the Debenture Offering	1,300,000	1,300,000
Gross proceeds from Mortgage Financing	3,300,000	3,300,000
Estimated funds available to the Resulting Issuer	5,660,000	5,910,000

Notes:

- (1) Assuming the settlement of an aggregate of \$741,057 of outstanding accounts payable, shareholder advances and bridge loans as part of the Shares for Debt Transaction and forgiveness of debt of \$159,742.

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material.

Use of Funds	Minimum Brokered Private Placement (\$)	Maximum Brokered Private Placement (\$)
Agents' Commission	108,500	126,000
Estimated remaining costs in connection with Transaction and Private Placements	304,500	304,500
Purchase Price for Target Assets ⁽¹⁾	4,990,000	4,990,000
General and administrative expenses ⁽²⁾	132,500	132,500
Unallocated funds	124,500	357,000
Total	5,660,000	5,910,000

Notes:

- (1) The Purchase Price is net of deposits paid of \$71,500 and the issuance of Units aggregating \$100,000.
(2) The estimate of general and administrative expenses for the 12 month period following Closing is comprised of management and consulting expenses of \$82,500 and legal, audit and business fees of \$50,000.

The Resulting Issuer intends to use the unallocated funds to fund the operating expenses of the Resulting Issuer following the Closing and for general working capital purposes, including for due diligence on potential acquisition or investment opportunities, including without limitation the Optioned Properties, as more particularly described herein. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Selected Pro Forma Financial Information

The following table shows selected *pro forma* balance sheet data for the Resulting Issuer, as at March 31, 2018, after giving effect to the Transaction, assuming the minimum Brokered Private Placement is completed:

Current Assets	\$393,438
Total Liabilities	\$3,844,432
Current Liabilities	\$126,332
Share Capital, Warrants and Contributed Surplus	\$8,531,184
Deficit	(\$6,721,178)

Officers and Directors

Following the completion of the Transaction, the persons listed below are expected to be the directors and officers of the Resulting Issuer:

James D. Nicoll – President and Chief Executive Officer and Director
Glenn A. Holmes – Chief Financial Officer, Corporate Secretary and Director

Mike Anaka, ICD.D – Director
Dr Brian Ramjattan – Director
Kent Farrell – Director
Jeffrey Dean – Director
Richard Turner – Director

See *“Information Concerning the Resulting – Directors, Officers and Promoters”*.

Conditional Approval

The Exchange has conditionally accepted (i) the Transaction and the Private Placements as NSX’s Reactivation on Tier 2 of the Exchange, and (ii) the listing of the Common Shares issuable pursuant to the Private Placements, the Transaction, the Shares for Debt Transaction, the Advisor’s Warrants and the Broker Units, all subject to NSX completing all of the requirements of the Exchange.

Relationship with Agent

Echelon Wealth Partners, located at 1 Adelaide St. East, Suite 2100, Toronto, ON M5C 2V9, and Industrial Alliance Securities Inc., located at 26 Wellington St. East, Suite 900, Toronto, Ontario, M5E 1S2, are acting as agents in connection with the Brokered Private Placement. The Company and the Agents have entered into the Agency Agreement with respect to this relationship and the consideration to be paid to the Agents in connection with the Agency Agreement, as set out herein.

Conflicts of Interest

The directors and officers of NSX are also involved in other projects and may have a conflict of interest in allocating their time between the business of NSX and other businesses or projects in which they are, or may become, involved, including but not limited to serving as directors and/or officers of other companies.

See *“Information Concerning NSX – Directors, Officers and Promoters”*.

Interest of Experts

To the knowledge of management of NSX, as of the date hereof, no expert, nor any Associate or Affiliate of such person, has any beneficial interest, direct or indirect, in the securities or property of NSX.

Risk Factors

Following the completion of the Transaction, the business of the Resulting Issuer will be a real estate investment company. Common Shares of the Resulting Issuer will be a risky and speculative investment. The following risk factors are considered material to the Company and the Resulting Issuer. The following information is a summary only of certain risk factors considered material to NSX and the Resulting Issuer, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Filing Statement. The Resulting Issuer will be subject to certain risks that should be carefully considered, including, but not limited to, NSX’s inability to meet the conditions precedent for the Transaction, the Target Assets failing to perform in accordance with expectations, inability to raise sufficient funds to complete the Private Placements, general real estate ownership risks, interest rate fluctuations, environmental risks, natural disasters, reliance on independent property management companies, lack of operating history in the real estate sector, volatility of the price of Common Shares after the Closing of the Transaction, future equity dilution, competition from other real estate investment companies, impacts of regulations and regulatory changes and general economic and political conditions. These risks and uncertainties are not the only ones that will face the Resulting Issuer after completion of the Transaction. Additional risks and uncertainties not presently known to NSX, or that NSX currently deems immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

RISK FACTORS

Assuming the completion of the Transaction, there are inherent risks related to the business of the Resulting Issuer. The Transaction must be considered highly speculative due to the nature of the business of the Resulting Issuer. The business of the Resulting Issuer following completion of the Transaction will be subject to risks and hazards, some of which are beyond its control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Resulting Issuer.

The following is a summary of risks and uncertainties that management believes to be material to NSX and therefore the value of the Common Shares. It is possible that other risks and uncertainties that affect the business of NSX will arise or become material.

Transactional Risks

Conditions Precedent

The completion of the Transaction is subject to several conditions precedent, including without limitation Exchange approval. There can be no assurance that all the conditions precedent, including regulatory and Exchange approval, will be obtained. If any of those conditions are not satisfied or waived, the Transaction will not be completed. If the Transaction does not complete, then the Company will continue to search for other opportunities; however, the Company will have incurred significant costs associated with the Transaction.

Possible Trading Suspension

NSX has applied for the approval of the Exchange for the Transaction and Reactivation. The completion of the Transaction is subject to NSX fulfilling all of the requirements of the Exchange. In the event that NSX fails to complete the Transaction as required to meet listing requirements, NSX will remain on the NEX, which comprises Exchange listed issuers that do not meet the Exchange's Tier-2 maintenance requirements.

Financing Risks

There is no assurance that NSX will be able to obtain sufficient financing to acquire subsequent properties, or, if available, that NSX will be able to obtain financing on commercially acceptable terms. Further, there is no assurance or guarantee that any financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage and other financing, the return from the ownership of the Target Assets (and ultimately the return on an investment in Common Shares) will be reduced.

Financial Resources

In the future, the Resulting Issuer may require additional funds and may attempt to raise additional funds through equity or debt financings, joint venture or co-investments with commercial partners or from other sources. Any additional equity financing may be dilutive to holders of common shares and any debt financing, if available, may require restrictions to be placed on the Resulting Issuer's future financing and operating activities. The Resulting Issuer may be unable to obtain additional financing on acceptable terms if market and economic conditions, the financial condition or operating performance of the Resulting Issuer, or investor sentiment, are unfavourable. The Resulting Issuer's inability to raise future funds may hinder its ability to grow in the future and may require management to review or change the business strategies of the Resulting Issuer.

Operational Risks

Reliance on Management

The ability of the Resulting Issuer to successfully implement its business strategy and operate its business will depend in large part on the continued involvement of the Resulting Issuer's current management team. Shareholders should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management team. If the Resulting Issuer loses the services of one or all of the members of its current management team, the business, financial condition and results of operations of NSX may be materially adversely affected.

Lack of Operating History

Since its incorporation, NSX has conducted no active business, has limited financial resources and has received no revenues other than interest revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on Shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Historical Financial Information and Pro Forma Financial Information

The historical financial information relating to the Target Assets included in this Filing Statement has been derived from historical accounting records. NSX believes that the assumptions underlying the financial statements are reasonable. However, the financial statements may not reflect what the Resulting Issuer's financial position, results of operations or cash flows will be in the future. The Company has not made adjustments to its historical financial information to reflect changes that may occur in its cost structure, financing and operations as a result of its acquisition of the Target Assets. The estimates used in the pro forma financial information may not be similar to the Resulting Issuer's actual experience as a stand-alone public entity.

Non-IFRS Measures

The pro forma financial information set out in this Filing Statement includes certain measures which do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. There are no directly comparable measures calculated in accordance with generally acceptable accounting principles, as such measures are based on investments that are external to NSX. The measures used are meaningful to the investors as they are based on the average investor's individual investment in the entities mentioned.

Internal Controls

Effective internal controls are necessary for NSX to provide reliable financial reports and to help prevent fraud. Although management of NSX will undertake a number of procedures and implement a number of safeguards in order to help ensure the reliability of NSX's financial reports, including those imposed on NSX under Canadian securities law, NSX cannot be certain that such measures will ensure that NSX will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and harm the trading price of the Common Shares.

Litigation Risks

In the normal course of the Resulting Issuer's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Resulting Issuer and as a result, could have a material adverse effect on the Resulting Issuer's assets, liabilities, business, financial condition and results of operations. Even if the Resulting Issuer prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the Resulting Issuer's business operations, which could adversely affect its financial condition.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade following completion of the Transaction cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Common Shares. If the Resulting Issuer is (as it is expected to be) required to access capital markets to carry out its business objectives, the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Resulting Issuer or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Dilution

NSX (and the Resulting Issuer) is authorized to issue an unlimited number of Common Shares and other securities for such consideration and on such terms and conditions as may be established by the Board without the approval of the Shareholders. It is currently anticipated that the Resulting Issuer may be required to conduct additional equity financings in order to finance additional property acquisitions and develop the business of the Resulting Issuer as currently planned and envisioned by management of the Resulting Issuer. Any further issuance of Common Shares pursuant to such equity financings will dilute the interests of existing Shareholders and such Shareholders will have no pre-emptive rights in connection with such future issuances. In addition, conversion of the Convertible Debentures will also dilute the interests of existing Shareholders.

Financing Risks

NSX has no history of earnings and there can be no assurance that the Resulting Issuer will be profitable after the Closing of the Transaction. In addition, the Resulting Issuer's business model is expected to be dependent on making investments in additional properties, and the Resulting Issuer anticipates having to raise additional capital to fund these investments. While the Resulting Issuer may generate additional working capital through equity or debt offerings, or through the receipt of revenue or other payments from properties, there is no assurance that such funds will be sufficient to facilitate the development of NSX's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Resulting Issuer or at all. If available, future equity financing may result in substantial dilution to the Shareholders.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations under the CBCA and other applicable laws to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and the Shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA, and other applicable laws.

Early Stage of Development

The Resulting Issuer will be in an early stage of development upon completion of the Transaction. There will be limited financial, operational and other information available with which to evaluate the prospects of the Resulting Issuer. There can be no assurance that the Resulting Issuer's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

Limited Number of Future Investments

While the Resulting Issuer's intention is to negotiate and fund additional investments in properties in different communities, it could take many years to create a diversified portfolio of multi-family rental properties and there is no guarantee the Resulting Issuer will ever achieve a portfolio of sufficient size. The Resulting Issuer may have a significant portion of its assets dedicated to a single property or community for an extended period of time. In the event that any such property or community is unsuccessful or experiences a downturn, this could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Ability to Negotiate Additional Investments

A key element of the Resulting Issuer's growth strategy is expected to involve negotiating and finding investments in other multi-family rental properties. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Resulting Issuer's ability to identify investee multi-family rental properties and negotiate and fund additional investments in such a manner is not guaranteed.

Ability to Manage Future Growth

The Resulting Issuer's ability to achieve desired growth will depend on its ability to identify, evaluate and successfully negotiate and fund investments in other multi-family rental properties. As the Resulting Issuer grows, it will also be required to hire, train, supervise and manage new employees. Failure to manage any future growth or to successfully negotiate suitable investments effectively could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Effect of General Economic and Political Conditions

The Resulting Issuer's business and the business of its investee properties are expected to be subject to the impact of changes in national or international economic conditions, including but not limited to, recessionary or inflationary trends, equity market conditions, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. These economic conditions may be further affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. Adverse economic and political developments could have a material adverse effect on the Resulting Issuer and its investee companies' business, financial condition, results of operations and cash flows.

Payment of Dividends

The Resulting Issuer has never declared dividends on any of its securities. Following completion of the Transaction, the Resulting Issuer intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Resulting Issuer does not intend to pay dividends on its securities in the foreseeable future, except as explicitly required by the rights and restrictions of such securities. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Resulting Issuer's financial condition, operating results, capital requirements, contractual restrictions on the payment of dividends; prevailing market conditions and any other factors that the Board deems relevant.

Liquidity and Capital Resources

There is no guarantee that cash flow from real property investments will be readily available or will provide the Resulting Issuer with sufficient funds to meet its ongoing financial obligations. The Resulting Issuer may therefore require additional equity or debt financing to meet its operational requirements. The Resulting Issuer also plans to rely on additional equity financing to make investments in properties to grow the Resulting Issuer's business to the level envisioned by its management. There can be no assurance that such financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Resulting Issuer. The ability of the Resulting Issuer to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as its business performance.

Currency Fluctuations

The Resulting Issuer may make investments in property portfolios with significant United States or foreign operations. The Canadian dollar relative to the U.S. dollar or other foreign currencies is subject to fluctuations. Failure to adequately manage foreign exchange risk could therefore adversely affect the Resulting Issuer's business, financial condition and results of operations.

Reliance on Key Personnel

The success of the Resulting Issuer will depend on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Resulting Issuer. In addition, the growth plans of the Resulting Issuer described in this Filing Statement may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Resulting Issuer may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Resulting Issuer will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Litigation

To NSX's knowledge, as of the date of this Filing Statement, no material claims or litigation have been brought against NSX. However, NSX and/or the Resulting Issuer may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which NSX and/or the Resulting Issuer becomes involved be determined against NSX and/or the Resulting Issuer, such a decision could adversely affect NSX and/or the Resulting Issuer's ability to continue operating and the market price for the Common Shares, and could result in significant financial and management resources of NSX being expended in connection therewith. Even if NSX and/or the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, the Resulting Issuer may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may be time consuming, expensive and may distract the Resulting Issuer from the conduct of its daily business. It is possible that the Resulting Issuer will

be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other professional advisors, and the Resulting Issuer's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect the Resulting Issuer's reputation, operating results, liquidity or financial position.

Real Estate Risks

Indirect Investment in Real Estate

An investment in the Common Shares is an investment in real estate through the Resulting Issuer's indirect interest in the Target Assets (and other future real property) acquired by it. Investment in real estate is subject to numerous risks, including the factors listed below and other events and risk factors which are beyond the control of the Resulting Issuer.

Acquisition Risk

NSX intends to directly acquire the Target Assets. The acquisition of the Target Assets entails risks that the investment will fail to perform in accordance with expectations. In undertaking such acquisition, NSX will incur certain risks, including the expenditure of funds, including non-refundable deposits, due diligence costs and inspection fees and the devotion of management's time. The operation of the Target Assets may not generate sufficient funds to make the payments of principal and interest due on its financial debts and, upon default, one or more lenders could exercise their rights including foreclosure or the sale of the Target Assets.

General Real Estate Ownership Risks

All real property investments are subject to a degree of risk and uncertainty. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The Target Assets will generate revenue through rental payments made by the tenants thereof. The ability to rent vacant suites in the Target Assets will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the Target Assets becomes vacant and cannot be re-leased on economically favourable terms, the Target Assets may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, and NSX's net income will be adversely affected.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the Target Assets is producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Resulting Issuer's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Resulting Issuer were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the Target Assets or less than what could be expected to be realized under normal circumstances. The Resulting Issuer may, in the future, be exposed to a general decline of demand by tenants for space in the Target Assets. As well, certain of the leases of the Target Assets held by the Resulting Issuer may have early termination provisions which, if exercised, would reduce the average lease term.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Target Assets or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by NSX due to internal and external limitations on its ability to charge these new market-based rents in the short-term.

Single Asset Entity

The Resulting Issuer's direct interest in the Target Assets will be the Resulting Issuer's sole asset for the foreseeable future. Although management believes the Target Assets has sufficient merit to justify focusing all the Resulting Issuer's limited resources upon it, the Resulting Issuer will in consequence be exposed to some heightened degree of risk due to the lack of property diversification.

Substitutions for Residential Rental Suites

Demand for rental suites in the Target Assets is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. With the recent global economic crisis, interest rates offered by financial institutions for financing home ownership have been at historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low or fail to rise, demand for rental suites may be adversely affected. A reduction in the demand for rental suites may have an adverse effect on the Resulting Issuer's ability to lease suites in the Target Assets and on the rents charged.

Government Regulation

Certain provinces in Canada may have enacted residential tenancy legislation which may impose, among other things, rent control guidelines that limit a landlord's ability to raise rental rates at its properties. The Province of New Brunswick has not currently enacted residential tenancy legislation that imposes rent control guidelines that could limit the Resulting Issuer's ability to raise rental rates at the Target Assets. There can be no assurances, however, that such legislation, regulations or guidelines will not be enacted or promulgated in the future.

In addition to limiting a landlord's ability to raise rental rates, residential tenancy legislation in certain provinces may provide certain rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation may also prescribe procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective judicial or administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain provinces may provide tenants with the right to bring certain claims to the respective judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, landlords may, in the future, incur capital expenditures which may not be fully recoverable from tenants.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of landlords to maintain the historical level of earnings of their properties.

Interest Rate Fluctuations

The Resulting Issuer's financing arrangement may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Resulting Issuer's cost of borrowing.

Environmental Matters

Under various environmental and ecological laws, the Resulting Issuer could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the Target Assets or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Resulting Issuer's ability to sell the Target Assets or to borrow using the Target Assets as collateral, and could potentially also result in claims against the Resulting Issuer by third parties.

Uninsured Losses

The Resulting Issuer will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to the Target Assets to be owned by the Resulting Issuer and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to the Target Assets, the Resulting Issuer could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of the Target Assets.

Risk of Natural Disasters

While the Resulting Issuer has insurance coverage for the Target Assets, the insurance coverage may have deductible amounts and may not cover all natural disasters which may occur to the Target Assets. Floods, hurricanes, storms, earthquakes, terrorism,

or other natural disasters may significantly affect the Resulting Issuer's operations and the Target Assets, and may cause the Resulting Issuer to experience reduced rental revenue, incur clean-up costs or otherwise incur costs in connection with these natural disasters. These events may have a material adverse effect on the Resulting Issuer's business, cash flows, financial condition and results of operations and ability to make dividend payments to its Shareholders, to the extent declared.

Reliance on Property Management

The Resulting Issuer may rely upon independent management companies to perform property management functions in respect of the Target Assets. To the extent the Resulting Issuer relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the Target Assets as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Target Assets and their other development, investment and/or management activities.

Competition for Real Property Investments or Tenants

The Resulting Issuer will compete for suitable real property investments with individuals, corporations, real estate investment trusts and similar vehicles and institutions (both Canadian, U.S. and foreign) which are presently seeking or which may seek in the future real property investments or tenants similar to those sought by the Resulting Issuer. Such competition could have an impact on the Resulting Issuer's ability to lease suites in the Target Assets and on the rents charged. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

Revenue Shortfalls

Revenues from the Target Assets may not increase sufficiently to meet increases in operating expenses or debt service payments under the financing arrangements or to fund changes in the variable rates of interest charged in respect of such loans.

Fluctuations in Capitalization Rates

As interest rates fluctuate in the lending market, generally capitalization rates will as well, which affects the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Canadian Market Factors

The Target Assets will be located in Canada and economic conditions since the beginning of 2008 have been challenging in the North American economy. As a result, income from, and the value of, the Target Assets may decline if there is a downturn in the Canadian economy.

INFORMATION CONCERNING NSX

Name and Incorporation

NSX was incorporated as "**NSX Silver Inc.**" under the CBCA on August 9, 2011. The head office and principal business office of NSX is located at 1550 Bedford Highway, Suite 802, Bedford Nova Scotia B4A 1E6.

NSX has one subsidiary, 10664316 Canada Inc., a company incorporated on March 5, 2018 under the CBCA. 10664316 Canada Inc. is currently inactive and is expected to be utilized by NSX for the purpose of acquiring the Target Assets. The amending agreement dated May 16, 2018 amended the Definitive Agreement to, amongst other amendments, assign NSX's interest and right to purchase the Target Assets pursuant to the Definitive Agreement to 10664316 Canada Inc. Accordingly, AcquisitionCo will act as a purchaser of the Target Assets pursuant to the Transaction.

The trading price of the Common Shares of the Company on October 3, 2016, the last trading day of the Company's Common Shares, was \$0.095. The Common Shares were halted from trading on the NEX on October 11, 2016 in connection with the announcement of a previous acquisition of property which was terminated as announced on May 1, 2017, and remain halted as of the date hereof.

General Development of the Business

History

NSX was incorporated as a wholly-owned and direct subsidiary of NSGold, a CBCA company listed on the Exchange. NSGold 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 known as the “Dios Padre Property”, including the historic Dios Padre Silver Mine, located in Sonora State, Mexico. In July 2011, NSGold announced that it had 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 was incorporated 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 and working capital.

On October 21, 2011, NSX (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 Common Shares of NSX to the shareholders of NSGold. A special meeting of shareholders of NSGold was held on December 22, 2011 where the shareholders approved a special resolution reducing NSGold’s paid-up capital in connection with the “spin-out” of the Common Shares of NSX to the shareholders of NSGold. On March 1, 2012, NSX 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 the Common Shares of NSX to be distributed to NSGold shareholders, whereby the NSGold shareholders received one Common Share of NSX for each common share of NSGold held on the record date of March 16, 2012, by way of distribution in kind. A total of 43,553,767 Common Shares of NSX were distributed pursuant to this distribution, effected by way of a distribution of paid-up capital.

In March 2012, NSX completed the acquisition from NSGold of all of the shares of Compania Minera Oso Blanco SA de CV for which NSGold received 1,000,000 Common Shares of NSX. Also in March 2012, NSGold completed a share subscription agreement whereby NSGold acquired 44,428,571 Common Shares of NSX for gross proceeds of \$4,665,000. Upon closing of these transactions, the amounts due to NSGold by each of NSX for reorganization costs, and Compania Minera Oso Blanco SA de CV for the Dios Padre Property exploration costs, were repaid and the net amount disbursed by NSGold was \$3,474,063. Contemporaneously, NSGold’s option agreement in respect of the Dios Padre Property was assigned to NSX.

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

During 2013, NSX terminated the option agreement in respect of the Dios Padre Property and NSX’s focus was redirected to the Oso Blanco Property, located in Sonora State, Mexico, owned by its subsidiary Compania Minera Oso Blanco SA de CV.

On January 23, 2015, NSX completed a one-for-ten share consolidation of its Common Shares.

On December 30, 2015, NSX sold all of its shares of Compania Minera Oso Blanco SA de CV to an arm’s-length purchaser in exchange for the assumption of all of its liabilities and a 2% net smelter return royalty on any future mineral production from the eleven mining concessions that Compania Minera Oso Blanco SA de CV held at the time of the sale.

Upon closing of the sale of Compania Minera Oso Blanco SA de CV, NSX had no continuing business operations and the Board commenced exploring potential strategic alternatives. On February 8, 2016, NSX’s listing of its Common Shares was transferred to the NEX. The NEX trading platform is a separate board of the Exchange that provides a unique trading forum for listed companies that have not maintained the Exchange’s ongoing listing standards.

On August 16, 2016, NSX 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 was comprised of one Common Share and one warrant, each such warrant entitled the holder to acquire one Common Share of NSX for \$0.12 for a period of 12 months from the closing date of the private placement.

On October 11, 2016, NSX entered into a share purchase agreement to acquire all of the issued and outstanding shares of Residence Cameron Ltd, completion of which would have constituted a Change of Business in accordance with Exchange Policy 5.2. On May 1, 2017, NSX announced that it terminated the share purchase agreement and that it was pursuing the acquisition of another venture.

On July 31, 2017, NSX announced that it entered into a letter of intent with the Vendor to acquire the Target Assets, and that such acquisition would constitute a Change of Business in accordance with Exchange Policy 5.2. On August 17, 2017, NSX entered into the Definitive Agreement, which has since been amended by the Amending Agreements.

On July 13, 2018, NSX issued a comprehensive news release with respect to the Transaction, the Private Placements and related matters.

Transaction Financing

Brokered Private Placement

The Closing is conditional upon NSX completing the Private Placements, which are expected to close immediately prior to or concurrently with the Closing.

On November 13, 2017, NSX entered into an engagement letter with the Agents in respect of the Brokered Private Placement to sell the Subscription Receipts, on a best efforts basis, to the public, in each of the Provinces of Canada. In consideration for their services pursuant to the Agency Agreement, the Agents will receive the (a) Agents' Commission consisting of a cash commission in an amount equal to 7.0% of the aggregate gross proceeds of the Brokered Private Placement, the Series B Convertible Debentures and the Vendor Take-back Financing, (b) the Corporate Finance Fee consisting of a cash fee of \$25,000 plus applicable taxes, (c) the Broker Warrants equal to 7% of the aggregate of (i) the number of Subscription Receipts issued pursuant to the Brokered Private Placement, (ii) the gross proceeds raised pursuant to the Series B Convertible Debenture financing divided by \$0.25, and (iii) the number of Units issued to the Vendor as part of the Vendor Take-Back Financing, with each broker warrant entitling the holder thereof to acquire one Broker Unit of NSX at a price of \$0.15 per Broker Unit, and (d) be reimbursed for their reasonable Agents' Expenses. There are no additional commissions or finders' fees payable in connection with the Brokered Private Placement.

The Brokered Private Placement is for a minimum of 6,333,333 and a maximum of 8,000,000 Subscription Receipts at a price of \$0.15 per Subscription Receipt, for aggregate gross proceeds of a minimum of \$950,000 and a maximum of \$1,200,000. All of the proceeds from the Brokered Private Placement shall be deposited in escrow pursuant to the terms of the Subscription Receipt Agreement and shall only be released to NSX subject to the completion or irrevocable waiver or satisfaction of the Escrow Release Conditions.

Subscription Receipts issued pursuant to the Brokered Private Placement shall be deemed to be exercised, without payment of any additional consideration and without further action on the part of each subscriber, for one Unit of the Company upon satisfaction of the Escrow Release Conditions. Each Unit consists of one Common Share and one half Warrant. Each full Warrant shall entitle the holder thereof to acquire one Common Share for a period of 24 months from the date of issuance thereof at a price of \$0.25 per Common Share. In connection with the Brokered Private Placement, NSX will also enter into a warrant indenture with Computershare Trust Company of Canada, as warrant agent, to be dated the date of closing the Brokered Private Placement, providing for the issue and governing the terms of the Warrants.

Debenture Financing

The Debenture Financing comprises the issuance of 800 Series A Convertible Debentures at a price of \$1,000 per Convertible Debenture for gross proceeds of \$800,000 and 500 Series B Convertible Debentures at a price of \$1,000 per Convertible Debenture for gross proceeds of \$500,000.

The Convertible Debentures will bear interest from the date of issue at the rate of 12% and have a maturity date that is 24 months from the date of issue. Interest on the Convertible Debentures shall be payable quarterly and shall consist of 50% cash and 50% Common Shares with a deemed issue price equal to a 7.5% discount to the 30-day volume weighted average closing price of the Common Shares calculated as of the date of each interest payment. The pricing of such Common Shares issuable as interest is also subject to the requirements of Policy 4.3 of the Exchange.

The holders of the Convertible Debentures may, prior to the maturity date, convert their debentures into Debenture Units of NSX at the price of \$0.15 per Unit. Each Debenture Unit is comprised of one Common Share of NSX and one Debenture Warrant. Each Debenture 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 of the Debenture Warrant at a price of \$0.175 per Common Share.

The Convertible Debentures may be repaid by NSX at any time in whole or in part prior to the maturity date, without notice, bonus or penalty. At maturity, the holder of the Convertible Debenture may elect, subject to the approval of the Company and the

Exchange, to receive the outstanding principal amount and any unpaid interest in Common Shares at a 5% discount to the 30-day volume weighted average closing price of the Common Shares calculated as of the maturity date.

The Series A Convertible Debentures will be secured by an unregistered second mortgage on the Target Assets, a pledge of the shares of AcquisitionCo., and a general security agreement issued by each of Acquisition Co. and the Company. In addition, the Company will covenant not to sell or further encumber the Target Assets without the prior written consent of the holders of the Series A Convertible Debentures during the term of the Convertible Debentures, and any future third party lenders of the Company will enter into postponement agreements whereby such debts will not be paid during the term of the Convertible Debentures without the prior written consent of the holders of the Series A Convertible Debentures.

The Series B Convertible Debentures will be secured by a general security agreement issued by each of Acquisition Co. and the Company. In addition, the Company will covenant not to sell or further encumber the Target Assets without the prior written consent of the holders of the Series A Convertible Debentures during the term of the Convertible Debentures, and any future third party lenders of the Company will enter into postponement agreements whereby such debts will not be paid during the term of the Convertible Debentures without the prior written consent of the holders of the Series B Convertible Debentures.

The Series B Commitment Fee is payable to Dr. Brian Ramjattan upon the issuance of the Series B Convertible Debentures. In addition, the Agents will receive the Agents' Commission and Broker Warrants representing 7% of the principal amount of the Series B Convertible Debentures.

Mortgage Financing

The Transaction will also be financed by the Mortgage Financing in the principal amount of \$3,300,000 in favour of CIBC Mortgages Inc., which Mortgage will be registered as a first priority charge against the Target Assets. The Mortgage term is 3 years, will be amortized over 30 years and, as of August 17, 2018, shall bear an interest rate of 4.110%.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Financial Information

NSX's audited annual consolidated financial statements for the years ended December 31, 2017 and 2016 and the unaudited interim financial statements for the periods ended March 31, 2018 and 2017 are included as Schedule "A" to this Filing Statement. The following table sets out total expenses for such periods:

Period Ended	Total Expenses	Amounts Deferred in Connection with the Transaction
Years ended:		
December 31, 2017	\$324,418	-
December 31, 2016	\$288,098	-
3 months' ended March 31, 2018	\$80,659	-

Management Discussion and Analysis

See Schedule "B" – "Management Discussion & Analysis" for NSX's MD&A for the period ended December 31, 2017 and the period ended March 31, 2018. The MD&A should be read in conjunction with NSX's annual audited financial statements for the years ended December 31, 2017 and 2016 and the unaudited interim financial statements for the period ended March 31, 2018 and 2017, all of which are included as Schedule "A" to this Filing Statement. The financial statements of NSX are prepared in accordance with International Financial Reporting Standards.

Description of the Securities

Common Shares

NSX is authorized to issue an unlimited number of Common Shares without par value. As of the date of this Filing Statement, there are 10,092,947 Common Shares issued and outstanding.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board, entitled to one vote per Common Share at meetings of the Shareholders and, upon dissolution, entitled to share equally in such assets of NSX as are distributable to the holders of Common Shares. All of the Common Shares rank equally within their class as to voting rights, participation in assets and in all other respects. None of the Common Shares are subject to any call or assessment nor pre-emptive or conversion rights. There are no provisions attached to the Common Shares for redemption, purchase for cancellation, surrender or sinking or purchase funds.

Subscription Receipts

NSX shall issue Subscription Receipts pursuant to the Brokered Private Placement. See “*Information Concerning NSX – Transaction Financing – Brokered Private Placement*”.

Convertible Debentures

NSX shall issue Convertible Debentures pursuant to the Debenture Offering. See “*Information Concerning NSX – Transaction Financing – Debenture Financing*”.

Warrants

NSX shall issue warrants to acquire Common Shares in connection with the Private Placements. See “*Information Concerning NSX – Transaction Financing*”.

Stock Option Plan

The purpose of the Stock Option Plan is to attract and retain employees, officers and directors and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under the Stock Option Plan to purchase Common Shares. The Stock Option Plan is expected to benefit the Shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Common Shares to which they have contributed. The Stock Option Plan has been drafted to comply with the policies of the Exchange.

The Stock Option Plan is administered by the Board. Eligible persons entitled to be issued stock options under the Stock Option Plan are any director, officer, employee, consultant or any other person or entity engaged to provide ongoing services to the Company.

The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares of the Company from time to time. The number of Common Shares subject to an option to a participant shall be determined by the Board, but no participant shall be granted an option which exceeds the maximum number of shares permitted by the Exchange or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction.

The total number of Common Shares to be optioned under the Stock Option Plan shall be subject to the following restrictions: (a) the total number of shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of outstanding shares of the Company; (b) the total number of shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of outstanding shares of the Company; (c) the total number of shares reserved for issuance upon the exercise of options to all persons conducting investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of outstanding shares of the Company; and (d) the grant to insiders of the Company, as a group (as such term is defined under the policies of the Exchange), within a twelve-month period, of an aggregate number of options must not exceed 10% of the issued and outstanding shares of the Company at the date an option is granted to any insider, unless the approval of the disinterested shareholders of the Company is obtained.

The exercise price of the Common Shares covered by each option shall be determined by the Board, provided that the exercise price shall not be less than the price permitted by the Exchange or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction.

The maximum term of an option is ten (10) years, provided that participant's options expire ninety (90) days after his ceasing to act for the Company, except upon the death of a participant, in which case his estate shall have twelve (12) months in which to exercise the outstanding options.

No options are transferable or assignable.

Subject to the approval of the Exchange, the Board has the discretion to amend or terminate the Stock Option Plan; provided however, no amendment shall alter the terms of any outstanding options without the consent of the optionees concerned. As at the date of this Filing Statement, the Company has not granted any stock options under the Stock Option Plan.

Prior Sales

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price	Nature of Consideration	Reason
August 15, 2017	166,666	\$0.12	\$20,000	Cash	Warrants exercised
August 16, 2017	333,332	\$0.12	\$40,000	Cash	Warrants exercised

On May 30, 2018, the Company issued 2,499,998 Loan Bonus Warrants to the arm's-length Bridge Loan lenders. Each Loan Bonus Warrant is exercisable into one Common Share for a period of 12 months from the date of issuance, at an exercise price of \$0.12 per Common Share.

Stock Exchange Price

The Common Shares are listed on the NEX. The following table sets out, for the periods indicated, the high and low sales price and the volume of trading of the Common Shares during the periods indicated:

Period	High	Low	Volume
October 11, 2016 to August 2018 (halted)	N/A	N/A	Nil
October 1 – 10, 2016 ⁽¹⁾	\$0.095	\$0.095	500
Q3 2016	\$0.09	\$0.055	15,250
Q2 2016	\$0.085	\$0.03	33,856
Q1 2016 ⁽²⁾	\$0.07	\$0.025	174,400
Q4 2015	\$0.03	\$0.015	614,690
Q3 2015	\$0.04	\$0.025	385,215
Q2 2015	\$0.035	\$0.025	403,400

⁽¹⁾ The closing trading price of the Common Shares of the Company on October 10, 2016, the last trading day, was \$0.095.

⁽²⁾ The Common Shares were transferred from the Exchange to the NEX on February 8, 2016.

Executive Compensation

Director and Named Executive Officer Compensation

The following table sets forth the information required under Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”) regarding all compensation paid, payable, awarded, granted, given, or otherwise provided during the Corporation's two most recently completed financial years to all persons acting as directors or as “**Named Executive Officers**” or “**NEOs**”. All amounts are stated in Canadian dollars.

The following persons are Named Executive Officers of the Company under Form 51-102F6V:

1. the Company's chief executive officer (“**CEO**”);
2. the Company's chief financial officer (“**CFO**”);

3. in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
4. any additional individuals who would have been an NEO under (c) except that the individual was not an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

For the financial year ended December 31, 2017, the Company had two NEOs, Johannes H. C. van Hoof, the CEO, and Glenn A. Holmes, the CFO.

Table of compensation excluding compensation securities ⁽²⁾							
Name and position	Year	Salary, consulting fee, retainer or commission⁽¹⁾ (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Johannes H. C. van Hoof President and Chief Executive Officer	2017	1	—	—	—	—	1
	2016	1	—	—	—	—	1
Glenn A. Holmes ⁽³⁾ Chief Financial Officer	2017	17,250	—	—	—	—	17,250
	2016	7,000	—	—	—	—	7,000
Grant Loon Director	2017	—	—	—	—	—	—
	2016	—	—	—	—	—	—
James Nicoll ⁽⁴⁾ Director	2017	73,600	—	—	—	—	73,600
	2016	56,000	—	—	—	—	56,000
James M. Proudfoot Director	2017	—	—	—	—	—	—
	2016	—	—	—	—	—	—

(1) This column discloses the actual salary earned during the fiscal year indicated.

(2) The Company did not grant any stock options to the Named Executive Officers during the two fiscal years.

(3) Represents consulting fees that were paid and accrued to 3286285 Nova Scotia Limited, a company controlled by Mr. Holmes.

(4) Represents consulting fees that were paid and accrued to Debenti Merchant Financial Services, a company controlled by Mr. Nicoll.

For the three months' period ended March 31, 2018, the Company paid the following compensation to its NEOs and directors:

Table of compensation excluding compensation securities ⁽²⁾						
Name and position	Salary, consulting fee, retainer or commission⁽¹⁾ (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Johannes H. C. van Hoof President and Chief Executive Officer	-	-	-	-	-	-
Glenn A. Holmes ⁽³⁾ Chief Financial Officer	5,175	-	-	-	-	5,175
Grant Loon Director	-	-	-	-	-	-
James Nicoll ⁽⁴⁾ Director	27,600	-	-	-	-	27,600
James M. Proudfoot Director	-	-	-	-	-	-

(1) This column discloses the actual salary earned during the three months' ended March 31, 2018.

(2) The Company did not grant any stock options to the Named Executive Officers during the three months' ended March 31, 2018.

(3) Represents consulting fees that were paid and accrued to 3286285 Nova Scotia Limited, a company controlled by Mr. Holmes.

(4) Represents consulting fees that were paid and accrued to Debenti Merchant Financial Services, a company controlled by Mr. Nicoll.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to directors or the NEOs by the Company for the year ended December 31, 2017, or during the three months' period ended March 31, 2018. None of the directors or NEOs hold any compensation securities and no such compensation securities were exercised by a director or NEO during the most recently completed financial year or during the three months' period ended March 31, 2018.

Stock Option Plan and Other Incentive Plans

As of the date hereof, the Stock Option Plan is the sole equity compensation plan adopted by the Corporation. For a description of the Stock Option Plan, see "Information Concerning NSX – Stock Option Plan". At the Meeting, disinterested Shareholders approved the adoption of the DSU Plan, which remains subject to the approval of the Exchange and disinterested Shareholder approval of the Shareholders of NSX to be obtained at its next meeting of Shareholders.

Employment, Consulting and Management Agreements

During the most recently completed financial year, and during the three months' period ended March 31, 2018, the Company has provided compensation to the following individuals under consulting/management agreements:

James Nicoll, Executive Chairman - The Company entered into a management consulting agreement with an effective date of August 1, 2016 with Debenti Merchant Financial Services Limited ("**Debenti**"), a company controlled by James Nicoll, Executive Chairman of the Company, for the services of Mr. Nicoll to provide strategic oversight and management of the Company's transition into the real estate sector. The consulting agreement has an effective date of August 1, 2016. Debenti receives compensation at a monthly rate of \$8,000 per month.

Debenti and the Company have the right to terminate the consulting agreement at any time upon 60 days' written notice to the other. Debenti and the Company have the right at any time to terminate the agreement immediately for any material breach of the terms or conditions of the agreement by the other. If the consulting arrangement with Debenti had been terminated effective December 31, 2017, it is the Company's interpretation that the Company would have been obligated to pay Debenti the

consulting fees accrued to December 31, 2017 if there had been a material breach of the terms of the consulting agreement by Debenti and otherwise the Company would have been obligated to pay Debenti \$16,000.

Glenn Holmes, CFO – Mr. Holmes provides administrative and financial services to the Company through his company, 3286285 Nova Scotia Limited (“**3286285**”), at the rate of \$150 per hour. If the agreement with 3286285 had been terminated effective December 31, 2017, it is the Company’s interpretation that the Company would be obligated to pay to 3286285 the fees for services accrued to December 31, 2017.

Oversight and Description of Director and Named Executive Officer Compensation

The Board is responsible for the oversight of the Company’s strategy, policies and programs for the compensation and development of senior officers and directors.

Named Executive Officer Compensation

The Company does not currently have a formal executive compensation program in place. Compensation of the Named Executive Officers is determined by the Board without reference to formal criteria. Named Executive Officers are eligible to receive options pursuant to the Plan at the discretion of the Board. In determining salaries, compensation and option grants, the Board conducts an informal survey of comparable data from similar public companies taking into account the size and level of activity of the Company.

Director Compensation

The Company does not pay fees to its non-management Board members at this time. Directors are eligible to receive options pursuant to the Stock Option Plan and, subject to disinterested Shareholder approval, approval of the TSX-V and Closing of the Transaction, DSUs under the DSU Plan, at the discretion of the Board.

Non-Arm’s Length Transactions

Except for management services agreements between NSX and its directors and officers, or companies controlled by them, entered into in the usual course of business, the Company has not acquired any assets or services within the last 24 months from any director or officer, principal shareholder or an associate of affiliate of such persons.

Arm’s Length Transaction

The Transaction is an Arm’s Length Transaction (as defined in Exchange Policy 1.1).

Legal Proceedings

As of the date of this Filing Statement, to NSX’s knowledge, no material claims or litigation have been brought against NSX.

Auditor, Transfer Agents and Registrars

The auditors of NSX are KPMG LLP, Purdy's Wharf, Tower I, 1959 Upper Water Street, Suite 1500, Halifax, Nova Scotia, B3J 3N2.

Computershare Investor Services, at its principal office in Toronto, is the transfer agent and registrar for the Common Shares.

Sponsorship

Pursuant to Exchange Policy 2.2, sponsorship is generally required in conjunction with a COB. NSX expects to receive an exemption from the sponsorship requirement in connection with the Transaction from the Exchange.

Material Contracts

NSX has not entered into any contracts material to investors in the Common Shares since incorporation other than contracts in the ordinary course of business, except:

- (a) the Definitive Agreement, as amended;

- (b) Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated January 26, 2010 between NSX and Computershare Investor Services;
- (c) the Mortgage;
- (d) the Management Agreement;
- (e) the Option Agreements; and
- (f) the Agency Agreement.

In addition to the foregoing, NSX expects to enter into the warrant indenture and Subscription Receipt Agreement with Computershare Trust Company of Canada, and the Escrow Agreements on or prior to the Closing.

Copies of these agreements may be inspected without charge during regular business hours at the offices of NSX until 30 days after the Closing.

INFORMATION CONCERNING THE TARGET ASSETS

Due to the current state of the natural resources exploration and development market, and given the expertise of the members of the Board, the Board believes the best path forward for NSX is as a real estate issuer. For these reasons, the Board has proposed that NSX complete the Change of Business. The Transaction consists of the acquisition by the Company of the Target Assets. Upon completion of the Transaction, the Company will be engaged in the real estate business in Canada, focused on acquiring multi-family rental properties with a solid track record of earnings and a resident base of residents aged 55 and over.

Information Concerning the Transaction

On August 17, 2017, NSX entered into the Definitive Agreement, which was amended by the Amending Agreements. The aggregate purchase price for the Target Assets is \$5,161,500 (the “**Purchase Price**”), to be satisfied by AcquisitionCo as follows:

- (a) The sum of Seventy One Thousand Five Hundred Dollars (\$71,500.00) paid as deposits to the Vendor’s Solicitor which are to be credited towards the Purchase Price on Closing. A total of \$25,000 is a non-refundable deposit and \$46,500 is a refundable deposit.
- (b) The Vendor Take-back Financing, consisting of the issuance, on Closing, of 666,667 Units of NSX at a deemed issued price of \$0.15 per Unit representing an aggregate value of One Hundred Thousand Dollars (\$100,000.00) to the Vendor, or as directed.
- (c) The balance of the Purchase Price shall be payable in immediately available funds on Closing, subject to the terms and conditions contained in the Definitive Agreement. The final Purchase Price is subject to standard closing adjustments for real property acquisitions.

The deposit amounts referenced above aggregating \$71,500 have been paid by AcquisitionCo or NSX on behalf of AcquisitionCo and the parties have confirmed satisfaction and waiver of all due diligence conditions.

The Transaction and the Private Placements will form the basis for NSX’s reactivation from the NEX to Tier 2 of the Exchange. Completion of the Transaction is subject to a number of conditions, including, without limitation, completion of the Private Placements and receipt of all regulatory approvals, including approval of the Exchange. The Transaction is an Arm’s Length Transaction.

The Vendor and the Target Assets

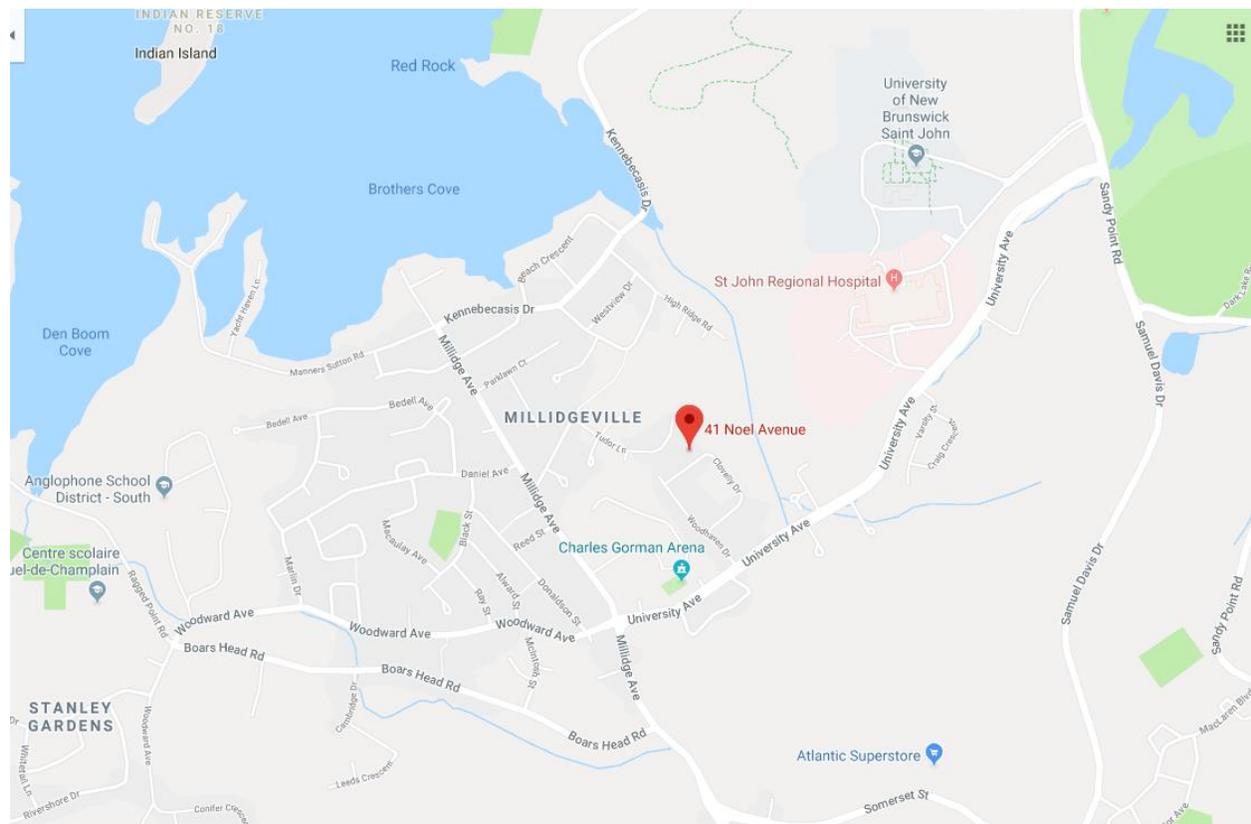
The Vendor is Village View Suites Inc., a company incorporated under the laws of the Province of New Brunswick, in its capacity as General Partner of Village View #1 Limited Partnership. The Target Assets are the real property owned at 41 Noel Avenue, Saint John New Brunswick, PID 55195473, which building consists of a two story plus walk out ground floor 31 unit multi-family apartment building constructed in 2014. The building includes 6 one-bedroom suites and 25 two-bedroom suites. Monthly rental prices range from a low of \$950 for a one bedroom to \$1,500 for a large two bedroom. Historic revenues for the property were \$377,283 in 2014, \$432,185 in 2015, \$462,475 in 2016 and \$467,652 in 2017.

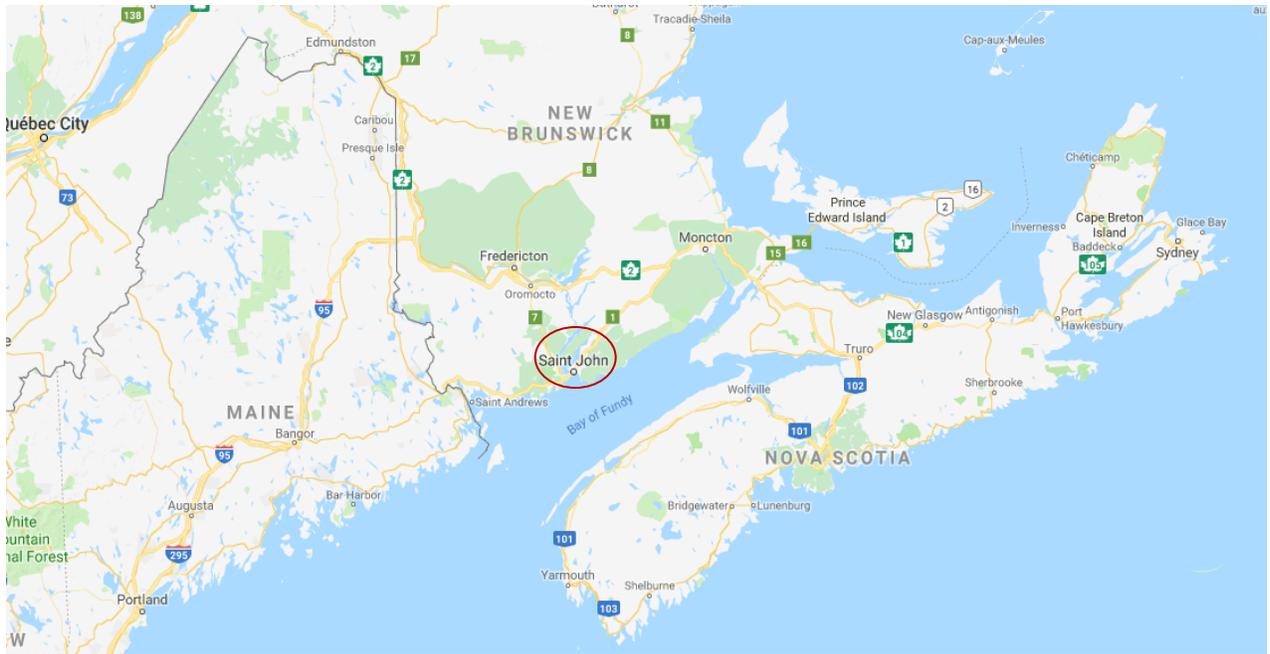
As of the date of this Filing Statement, the units in the building are 97% occupied; 1 is vacant and 1 is occupied by the superintendent. There are 29 leases in place for the units, 12 of which are for 1-year terms and 17 of which are long-term tenants who are now leasing under month-to-month arrangements.

The property was built on an undeveloped lot by Village View Suites Inc, with construction completed in 2014. The building is traditional wood frame construction on concrete foundation with vinyl siding finish and an asphalt shingle roof.

NSX has undertaken comprehensive due diligence, assessing audited and company prepared financial reports, conducting legal searches, commissioning an engineering report on the state of the building and a phase one environmental assessment, engaging professionals as necessary. An appraisal of the property was carried out in support of the Mortgage Financing, assessing the value of the property at \$5,200,000.00. All due diligence was considered acceptable.

The following maps regional and local maps show the location of the Target Assets:





The following is a picture of the building taken from the parking lot:



General Development of the Target Assets

The Target Assets were developed and constructed by the Vendor, as general partner of Village View #1 Limited Partnership, in 2013, with completion of construction and occupancy achieved in 2014. The property is irregular in shape with a total area of approximately 4,295 m². The Target Assets and surrounding properties are zoned as residential. All properties in the area are supplied potable water and wastewater through the City of Saint John. Prior to acquisition by the Vendor, the property consisted of undeveloped vacant land.

The Vendor entered into a construction mortgage financing arrangement with First National Financial GP Corporation on June 28, 2012, which was subsequently released in favor of a conventional mortgage with First National Financial GP Corporation dated April 1, 2014. The mortgage has a term of ten years and is insured by Canada Mortgage and Housing Corporation, with an interest rate of 3.62%, calculated semi-annually, a maturity date of June 1, 2024 and an amortization period of twenty five years.

Selected Consolidated Financial Information

The audited annual consolidated financial statements for the Target Assets for the years ended December 31, 2017 and 2016, and the unaudited interim financial statements for the period ended March 31, 2018 and 2017, and MD&A for each such financial statements, are included as Schedule “C” to this Filing Statement. The following table sets out total expenses for such periods:

Period	Net Total Revenues	Income from Continuing Operations	Net Income / Loss Total	Total Assets	Total Long Term Financial Liabilities
Three-month period ended March 31, 2018	\$120,273	(\$14,733)	(\$14,717)	\$3,755,042	\$3,009,081
Year-ended December 31, 2017	\$467,652	(\$53,585)	(\$53,585)	\$3,768,977	\$3,042,839
Year-ended December 31, 2016	\$462,475	(\$42,642)	(\$42,410)	\$3,931,546	\$3,125,796

Legal Proceedings

As of the date of this Filing Statement, to NSX’s knowledge, no material claims or litigation have been brought against the Vendor with respect to the Target Assets.

INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

The corporate structure of the Company as set out under “*Information Concerning NSX*” will not change following Closing of the Transaction.

The head office of the Resulting Issuer will be located at located at 1550 Bedford Highway, Suite 802, Bedford Nova Scotia B4A 1E6 and the registered and records office of the Resulting Issuer will be located at located at 1550 Bedford Highway, Suite 802, Bedford Nova Scotia B4A 1E6. The Resulting Issuer will continue to be incorporated under the CBCA.

Narrative Description of the Business

Upon completion of the Transaction, the Resulting Issuer will be engaged in the real property business in Canada, focused on acquiring multi-family rental properties with a solid track record of earnings and an acceptable base of residents aged 55 and over. The Resulting Issuer’s initial asset will be the Target Assets.

Immediately prior to, or concurrently with, the Closing of the Transaction, the Board expects to change the Company’s name to “ViveRE Communities Inc.”

Description of the Proposed Business and Strategy

As a real estate issuer, the Resulting Issuer plans to acquire multi-family rental properties in communities and markets with age demographics that support the niche of “Naturally Occurring Retirement Communities” or “NORC”. Proximity to healthcare, public transit and community services are just some of the factors driving the creation of this portfolio. The Resulting Issuer expects that the buildings will be predominantly low and mid-rise, with elevators and room to introduce amenities specific to the 55+ resident interested in an age in place lifestyle.

NSX believes that the target resident base of 55+ will deliver a lower turnover property and will keep capital and operating costs down through respectful use of premises.

NSX intends to introduce a menu of services that will enhance the living experience of the resident base. Today’s active 55+ individual or family is interested in community and independence, and the properties that will attract like-minded residents. A life style that eliminates the work and risk associated with a single family home at a stage when the resident desires convenience and freedom. The 55+ demographic includes some 9.7 million Canadians.

NSX intends to introduce third party supplied services such as housekeeping, wellness checks, pet care, grocery and dry cleaning delivery, information technology support, mobility vehicle parking and storage and other services which might enhance the lives of residents.

Revenue from these services has the potential to enhance the operating profitability of a property beyond a traditional rental revenue model.

Community building amenities are also planned for the initial property and future acquisitions. Workshops and community gardens will be added as space and resources allow. The Resulting Issuer will seek to add high value; low capital cost amenities wherever possible.

Property management will initially be handled by third party providers on a contract basis. Property management will be brought in-house as resources and business case warrant. A condo or hospitality style level of service is part of the business plan, with third party providers to be chosen with this level of service in mind.

Like other real estate companies, the Resulting Issuer expects to have a highly scalable business model where a small team can drive a large number of transactions. As such, the Resulting Issuer expects to continue to operate in the near term with a small Board and limited management team. The Company plans to execute a growth strategy, quickly acquiring additional properties and the resulting revenue that will allow it to add management capacity. The Company believes that the properly managed execution of its growth strategy and careful attention to market participants will help create a successful publicly listed real estate company.

As a company with one property, the management team will remain lean, reflective of the available funds to support costs. The prospective addition of the Optioned Properties and other potential opportunities will allow the team to be quickly built up, with team members ready to expand their roles and commitments.

The Company intends to acquire multi-family rental properties in secondary markets. These communities across the country, which larger investors tend to overlook, fit the company’s business model. With less competition for product, the Company believes that these markets will deliver a greater spread between cost of capital and capitalized income (cap rate) therefore delivering greater potential for profitability. The Company has developed a set of screens to determine whether an opportunity fits the business model.

The Company intends to purchase fully leased properties that are new, recent build or recently refurbished.

The Company intends to facilitate and promote communities that attract a resident that may be retired or soon to be retired.

The Company intends to develop service offerings that promote ageing in place.

The Company holds option rights on the Optioned Properties, being three properties adjacent to the Target Assets. An option agreement is held with Village View #2 Limited Partners on 50 Noel Avenue, PID’s 55221972 and 55226328. 50 Noel is a completed (2016) and leased 42 unit, three story multi-family building. An option agreement is held with Village View #3 Limited Partners / Brittain Seale Holdings Inc. on 51 Noel Avenue, a 48 unit building under construction, scheduled for completion during the summer of 2018, PID’s 00370320 and 55233035. An option agreement is also held with Village View #3 Limited Partners / 621946 NB Ltd. on 70 Noel Avenue, a 48 unit multi-family building, proposed to begin construction in the fall

of 2018, PID's 00370593, 00370601, 0037067 and portions of PID's 00370320 and 55233035 said portions to be determined by Village View #3 Limited Partners. The Company intends to conduct diligence on the aforementioned properties, and if satisfactory, enter in to negotiations to acquire them.

Stated Business Objectives

NSX expects to close the acquisition of Target Assets with the funds to be available upon Closing, thereby completing its Change of Business from mineral exploration to a real estate issuer.

Milestones

NSX has received conditional approval of the Exchange to complete its proposed Change of Business Transaction.

Prior to, or concurrently with the Closing, NSX will close the Brokered Private Placement of Subscription Receipts for minimum gross proceeds of \$950,000 and maximum gross proceeds of \$1,200,000. These funds will be deposited in escrow pending satisfaction of all conditions precedent to the Transaction.

Prior to, or concurrently with the Closing, the Debenture Offering and the Shares for Debt Transaction will be completed.

Concurrently with the Closing, the Mortgage Financing will be completed and the Transaction will be closed.

Description of Securities

The securities of the Company as set out under “*Information Concerning NSX – Description of Securities*” will not change following Closing of the Transaction.

Pro Forma Consolidated Capitalization

The *pro forma* capitalization of the Resulting Issuer following Closing of the Transaction and the Private Placements will be as shown in the following table:

Designation of Security⁽³⁾	Amount authorized or to be authorized	Amount outstanding as of Closing assuming Minimum Subscriptions pursuant to the Private Placements⁽¹⁾⁽²⁾⁽³⁾	Amount outstanding as of Closing assuming Maximum Subscriptions pursuant to the Private Placements⁽¹⁾⁽²⁾⁽³⁾
Common Shares	Unlimited	\$7,083,684	\$7,316,184

- (1) See “*Information Concerning NSX – Transaction Financing*” for disclosure regarding the Private Placements.
- (2) As of March 31, 2018, the deficit on a consolidated basis, based on the pro forma consolidated balance sheet in this Filing Statement is \$6,721,178.
- (3) Excludes warrants (\$465,000) and contributed surplus (\$982,500), which are also included in shareholders equity.

Fully Diluted Share Capital

The following table sets out the fully diluted capitalization of the Resulting Issuer following the Closing of the Transaction:

Designation of Security	Assuming Completion of Minimum Brokered Private Placement		Assuming Completion of Maximum Brokered Private Placement	
	Number of Securities Outstanding after Completion of Transaction	% of Securities Outstanding after Completion of Transaction	Number of Securities Outstanding After Completion of Transaction	% of Securities Outstanding after Completion of Transaction
<i>Common Shares</i>				
• Common Shares currently outstanding	10,092,947	21.1%	10,092,947	20.0%
• Common Shares issuable pursuant to the Brokered Private Placement	6,333,333	13.2%	8,000,000	15.8%
• Common Shares issuable to Vendor pursuant to Transaction	666,667	1.4%	666,667	1.3%
• Common Shares issuable pursuant to Shares for Debt Transaction	6,175,475	12.9%	6,175,475	12.2%
Total Outstanding Common Shares	23,268,422	48.6%	24,935,089	49.4%
<i>Convertible Debt</i>				
• Common Shares issuable on conversion of the Convertible Debentures ⁽¹⁾	8,666,666	18.1%	8,666,666	17.2%
<i>Warrants</i>				
• Common Shares issuable on conversion of Loan Bonus Warrants issued prior to Transaction	2,499,998	5.2%	2,499,998	4.9%
• Common Shares issuable on conversion of Warrants issuable in connection with the Brokered Private Placement	3,166,666	6.6%	4,000,000	7.9%
• Common Shares issuable on conversion of Warrants issuable to Vendor pursuant to Transaction	333,333	0.7%	333,333	0.7%
• Common Shares issuable on conversion of Debenture Warrants issuable on conversion of the Convertible Debentures	8,666,666	18.1%	8,666,666	17.2%
• Common Shares issuable on conversion of Advisor's Warrants	300,000	0.6%	300,000	0.6%
<i>Broker Warrants</i>				
• Common Shares issuable on exercise of Broker Units	630,000	1.3%	746,666	1.5%
• Common Shares issuable on conversion of Warrants issuable on exercise of Broker Units	315,000	0.7%	373,333	0.7%
Totals	47,846,751	100%	50,521,751	100%

Notes:

(1) Does not include any shares issuable as partial payment of interest payable pursuant to the terms of the Convertible Debentures.

Available Funds and Principal Purposes

Available Funds

The following table sets out information respecting the Resulting Issuer's expected sources of cash following the completion of the Transaction and the Private Placements:

Source of Funds	Minimum Offerings (\$)	Maximum Offerings (\$)
Estimated working capital of NSX as at July 31, 2018 ⁽¹⁾	110,000	110,000
Gross proceeds of sale of Subscription Receipts pursuant to Brokered Private Placement	950,000	1,200,000
Gross proceeds of sale of Convertible Debentures pursuant to the Debenture Offering	1,300,000	1,300,000
Gross proceeds from Mortgage Financing	3,300,000	3,300,000
Estimated funds available to the Resulting Issuer	5,660,000	5,910,000

Notes:

(2) Assuming the settlement of an aggregate of \$741,057 of outstanding accounts payable, shareholder advances and bridge loans as part of the Shares for Debt Transaction and forgiveness of debt of \$159,742.

Principal Purposes of Funds

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended uses of funds may vary based upon a number of factors and variances may be material.

Use of Funds	Minimum Brokered Private Placement (\$)	Maximum Brokered Private Placement (\$)
Agents' Commission	108,500	126,000
Estimated remaining costs in connection with Transaction and Private Placements	304,500	304,500
Purchase Price for Target Assets ⁽¹⁾	4,990,000	4,990,000
General and administrative expenses ⁽²⁾	132,500	132,500
Unallocated funds	124,500	357,000
Total	5,660,000	5,910,000

Notes:

(1) The Purchase Price is net of deposits paid of \$71,500 and the issuance of Units aggregating \$100,000.

(2) The estimate of general and administrative expenses for the 12 month period following Closing is comprised of management and consulting expenses of \$82,500 and legal, audit and business fees of \$50,000.

The Resulting Issuer intends to use the unallocated funds to fund the operating expenses of the Resulting Issuer following the Closing and for general working capital purposes, including for due diligence on potential acquisition or investment opportunities, including without limitation the Optioned Properties, as more particularly described herein. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Dividends

The Resulting Issuer is not expected to pay dividends for the foreseeable future. There are no restrictions on the ability of the Resulting Issuer to pay dividends, other than laws of general application relating to insolvency. See “*Risk Factors*”.

Principal Securityholders

To the knowledge of NSX, no Person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Transaction and Private Placements.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

Should the Transaction be completed, and effective immediately upon such completion of the Transaction, it is anticipated that: (a) Johannes H. C. van Hoof, Grant Loon and James M. Proudfoot (the “**Resigning Directors**”) will resign as directors of the Company; (b) the Board be increased to seven (7) persons; and (c) Dr. Brian Ramjattan, Jeffrey Dean, Kent Farrell, Richard Turner and Mike Anaka (each, a “**Resulting Issuer Director**”) and collectively, the “**Resulting Issuer Directors**”) shall be elected to fill the vacancies created by the resignation of the Resigning Directors. Subject to the preceding sentences, each of the Resulting Issuer Directors elected will hold office from the beginning of their respective terms (i.e. the completion of the Transaction) until the close of the next annual meeting of Shareholders or until such director’s successor is duly elected or appointed

The persons listed below are expected to be the directors or officers of the Resulting Issuer following the Transaction:

James D. Nicoll – President, Chief Executive Officer and Director
Glenn A. Holmes – Chief Financial Officer, Corporate Secretary and Director
Mike Anaka, ICD.D – Director
Dr Brian Ramjattan – Director
Kent Farrell – Director
Jeffrey Dean – Director
Richard Turner – Director

The following table sets forth the names of all individuals who will be the directors, officers and promoters of the Resulting Issuer, their municipalities of residence, their current positions with NSX, their principal occupations during the past five years and the number and percentage of Common Shares in the Resulting Issuer that they are expected to be beneficially owned, directly or indirectly, or over which they are expected to exercise control or direction, following completion of the Transaction and the Private Placements. All director terms are until their successor is duly elected or appointed.

Name of Director, Officer and Municipality of Residence	Offices to be Held	Director Since	Principal Occupation During Past 5 Years	Number of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition ⁽¹⁾	Percentage of Common Shares Beneficially Owned or Controlled following the Completion of the Proposed Acquisition ⁽²⁾
James D Nicoll Halifax, NS	Director, President and Chief Executive Officer	Since 2016	Businessman	1,792,332	7.70%
Glenn A Holmes, Hammonds Plains, NS	Director, Chief Financial Officer and Corporate Secretary	Since 2011	Chartered Professional Accountant	1,129,475	4.85%
Michael Anaka, Dartmouth, NS	Director	Upon Closing	Chartered Professional Accountant	1,906,249	8.19%
Dr Brian R Ramjattan, St. John's, NL	Director	Upon Closing	Businessman	1,666,667	7.16%
Kent Farrell, Toronto, ON	Director	Upon Closing	Businessman	666,667 ⁽³⁾	2.87%
Jeffrey Dean, Toronto, ON	Director	Upon Closing	Businessman	666,667 ⁽³⁾	2.87%
Richard Turner, Vancouver, BC	Director	Upon Closing	Businessman	1,000,000	4.30%

(1) Information has been furnished by the respective directors and officers individually and includes shares beneficially owned or controlled indirectly through entities controlled by the directors and officers.

(2) Based on 23,268,422 Common Shares expected to be outstanding following the Closing, which assumes completion of the minimum Brokered Private Placement, the issuance of 666,667 Common Shares to the Vendor, and the issuance of 6,175,475 Common Shares pursuant to the Shares for Debt Transaction.

(3) Beneficially owned and jointly controlled indirectly by Mr. Farrell and Mr. Dean through Maven Capital Inc., the registered holder.

The directors and officers of NSX, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 8,828,057 Common Shares, representing approximately 37.94% of NSX's issued and outstanding Common Shares following completion of the Transaction and Private Placements.

The Resulting Issuer will have an audit committee composed of Jeffrey Dean, Richard Turner and Brian Ramjattan, all of whom are "independent" and are financially literate within the meaning of National Instrument 52-110 - *Audit Committees*.

Management

The NSX does not expect that it will request any director or officer to enter a non-disclosure or non-competition agreement with the Resulting Issuer upon the Closing of the Transaction. The Resulting Issuer does not plan to have any employees, as it intends to retain the services of its officers as independent contractors.

The following is a brief description of members of the Resulting Issuers board of directors and management team:

Richard Turner – Director – Age 62. Mr. Turner currently serves on the board of a number of private and public companies, including Board Chair and Audit Committee Chair of Invesque Inc. (TSX: IVQ); Director and Audit Committee member of WesternOne Inc.(TSX:WEQ) and Director and Audit Committee Chair of Vancouver Fraser Port Authority. Mr. Turner was Board Chair of Pure Industrial REIT (TSX:AAR.UN); Director and Audit Committee Chair of the Organizing Committee of the Vancouver 2010 Olympic and Paralympic Winter Games (VANOC); Board Chair of the Insurance Corporation of BC; Board Chair of the British Columbia Lottery Corporation; Chair and Governor of the Vancouver Board of Trade; Governor of the B.C.

Business Council and director, President and Chief Executive Officer of the operating subsidiary of IAT Air Cargo Facilities Income Fund, a business involved in the development and management of real estate at airports. Mr. Turner serves as the Honorary Consul for the Hashemite Kingdom of Jordan in Vancouver. In 2003, Mr. Turner received H.R.H. Queen Elizabeth's Golden Jubilee Award for public service in Canada. Mr. Turner holds a Bachelor of Commerce in Finance from the University of British Columbia and holds the ICD.D designation.

Jeffrey Dean – Director – Age 40. Mr. Jeffrey Dean is a Managing Partner at Maven Capital, an advisory and private equity firm based in Toronto. Mr. Dean has over 18 years of investment banking experience. Prior to co-founding Maven Capital in 2012, Mr. Dean was a Director at RBC Capital Markets. Mr. Dean has significant experience in real estate, mergers and acquisitions, fairness opinions and valuations, corporate governance, equity and debt financing for both public and private companies and property portfolio advisory. Over the last 18 years, Mr. Dean has advised on over \$13 billion of public M&A transactions, \$15 billion of debt and equity financings and more recently has been focused on corporate and shareholder governance. He is also a trusted advisor to a number of senior management teams and public/private boards of directors in the real estate space. Mr. Dean has a Bachelor of Commerce (High Distinction) from the University of Toronto.

Kent Farrell – Director – Age 47. Mr. Kent Farrell is a Managing Partner at Maven Capital, an advisory and private equity firm based in Toronto. Mr. Farrell has more than 20 years of experience in public and private capital markets, corporate finance and mergers and acquisitions. Prior to joining Maven Capital in 2017, Mr. Farrell served as the Head of Equity Sales for Credit Suisse Canada for five years. In that capacity, Mr. Farrell managed all aspects of the Canadian sales team effort including the onboarding of new global institutional investors, the distribution of the firm's equity research product, the coordination of corporate marketing and the selling of both primary and secondary equity offerings. Along with his tenure at Credit Suisse, he held senior roles at leading investment banks, specifically, Bank of America Merrill Lynch and Morgan Stanley. Mr. Farrell has been a large contributor to his firm's campaigns with the United Way Foundation. Mr. Farrell was formerly a Director of Mundo Inc. and is currently a director of Canaccord Genuity Acquisition Corp. He holds an MBA from the Ivey School of Business and a Bachelor of Arts from the University of Western Ontario.

Dr. Brian Ramjattan – Director – Age 58. Dr. Brian Ramjattan is the President and CEO of Miranda Management, a privately held real estate investment company specializing in identifying undervalued properties and increasing their value through lease restructuring and repurposing. He is also the President and CEO of Canadian AV Inc., one of the largest AV companies in Atlantic Canada, and a director of Work Global Canada, a national recruitment and immigration firm specializing in accessing foreign workers. Dr. Ramjattan has been a family doctor for 27 years, and he is the President and CEO of First Line Medical Services Inc., a company that conducts clinical trials to develop pharmaceuticals. He is also a Clinical Associate Professor at Memorial University in the Discipline of Faculty Medicine.

Mr. Michael T. Anaka, ICD.D – Director – Age 62. Mr. Anaka is a Chartered Professional Accountant based in Dartmouth, Nova Scotia. He has served in a number of leadership roles during his more than 35 year tenure with PricewaterhouseCoopers LLP, including Managing Partner, Atlantic Canada and Regional Office Representative on the Canadian Leadership Group. Mike has extensive experience in the areas of financial reporting, internal controls, operating efficiencies and effectiveness and corporate finance. He has served public and private companies ranging from start-ups to multi-national enterprises. He is currently Chief Financial Officer for Nobelium Tech Corp., a capital pool corporation listed on the TSX-V, and serves on the board of directors of Oceanus Resources Corporation (TSX-V).

James Nicoll – President, Chief Executive Officer and Director – Age 58. Mr. Nicoll has been the principal of Debenti Merchant Financial Services Ltd., a private company providing management and corporate finance services to private and public companies, since 2013. He has extensive experience in capital markets and finance. He is the former CEO of Canasur Gold and Nova Georgia Properties, VP Corporate Finance, PricewaterhouseCoopers and Yorkton Securities, and has served as the Chief Executive Officer of a real estate company with a portfolio of multi-family residential properties in the United States. He was a Commissioner of the Nova Scotia Securities Commission. His career in financial services started as a stock broker with RBC Dominion Securities before joining Beacon Securities.

Mr. Nicoll expects to devote 100% of his time to perform the work required in connection with acting as President and CEO of the Resulting Issuer.

Glenn A. Holmes – Chief Financial Officer, Corporate Secretary and Director – Age 56. Mr. Holmes, CPA, CA is a business executive with over 30 years experience in the financial management and administration of public exploration and mining companies. He has been extensively involved in equity financings, project debt financings, corporate acquisitions, mining feasibility studies and mine development projects. Mr. Holmes is Chief Financial Officer of Oceanus Resources Corporation and NSGold Corporation. He was previously Chief Financial Officer of Etruscan Resources and Vice President Finance of NovaGold Resources. He received a Bachelor of Commerce degree with honors from Saint Mary's University in 1988.

Mr. Holmes expects to devote 20% of his time to perform the work required in connection with acting as CFO and Corporate Secretary of the Resulting Issuer.

Promoter Consideration

James Nicoll is a promoter of NSX due to his role in taking the initiative in substantially reorganizing the business of NSX. As disclosed above, following Closing, Mr. Nicoll is expected to beneficially own or control 1,792,332 Common Shares, representing approximately 7.70% of the issued and outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Company, except as noted below, none of the foregoing nominees for election as a director:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

The British Columbia Securities Commission, as principal regulator for NSX, issued a Management Cease Trade Order (“**MCTO**”) against NSX on May 2, 2016 in response to an application submitted by NSX. Mr. Holmes is the Chief Financial Officer of NSX. The MCTO was issued because of the late filing of the audited annual financial statements and MD&A of NSX for the year ended December 31, 2015. The MCTO was revoked by the British Columbia Securities Commission on July 19, 2016.

Penalties or Sanctions

To the knowledge of NSX, no director, officer or promoter of NSX (or the Resulting Issuer) has:

- (a) been subject to any penalties or sanctions imposed by a court or securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

Personal Bankruptcies

No director, officer or promoter of NSX, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been

subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Directors and officers of NSX and the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to NSX and the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of NSX and the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the CBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to NSX and the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested Board members may be submitted to the Shareholders for their approval.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of NSX (and the Resulting Issuer) that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Exchange or Market	Position	Term
Mike Anaka	Oceanus Resources Corporation	TSX-V	Director	2016-01 to date
	Nobelium Tech Corp	TSX-V	Director, CFO	2017-09 to date
Glenn Holmes	NSGold Oceanus Resources Corporation	TSX-V	Director, CFO	2010-10 to date
		TSX-V	Director, CFO	2010-06 to date
Kent Farrell	Canaccord Genuity Acquisition Corporation	TSX	Director	2017-07 to date
Richard Turner	Pure Industrial REIT	TSX	Director, Chairman	2007-06 to 2018-05
	Invesque	TSX	Director, Chairman	2012-12 to date
	Titanstar Properties Inc	TSX-V	Director, Chairman	2008-10 to date
	WesternOne Inc	TSX	Director	2012-12 to date

Executive Compensation

The following table discloses the anticipated compensation for each of the Resulting Issuer's compensated executive officers for the 12 month period after the Closing of the Transaction:

Table of compensation excluding compensation securities						
Name and position	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jamie Nicoll President and Chief Executive Officer	\$70,000	-	-	-	-	\$70,000
Glenn A. Holmes Chief Financial Officer and Corporate Secretary	\$12,500	-	-	-	-	\$12,500

The Resulting Issuer will review its compensation of executive officers and directors periodically following Closing and adjust its policies as appropriate given the growth and development of the company's business.

Indebtedness of Directors and Officers

No director, executive officer or other senior officer of NSX has been indebted to NSX in the most recently completed financial year, and no director, executive officer or senior officer of the Resulting Issuer, nor any Associate of any such director or officer, will be indebted to the Resulting Issuer upon Closing of the Transaction.

Investor Relations Arrangements

NSX and the Resulting Issuer expects to conduct investor relations internally, and does not currently intend to enter into any investor relations arrangements.

Stock Option Plan

The Resulting Issuer will maintain the Stock Option Plan of NSX following Closing. See *Information Concerning NSX – Stock Option Plan* for a description of the plan. There are no options outstanding under the Stock Option Plan.

Escrowed Securities

The following table sets out, as at the date hereof, and to the knowledge of the Corporation, the number and class of securities of the Resulting Issuer that will be held in escrow upon Closing of the Transaction. No securities are held in escrow prior to Closing of the Transaction.

Name and Municipality of Residence of Beneficial Holder	Designation of Class	Number of Securities held in Escrow	Percentage of Class	Type of Release Schedule
Glenn A. Holmes Hammonds Plains, NS	Common Shares	715,933	3.08%	Tier 1 Value
	Common Shares	100,000	0.43%	Tier 2 Value
3286285 Nova Scotia Limited ⁽¹⁾ Hammonds Plains, NS	Common Shares	313,541	1.35%	Tier 2 Value
James D. Nicoll Halifax, NS	Common Shares	1,245,666	5.35%	Tier 1 Value
	Common Shares	316,666	1.36%	Tier 2 Value
Debenti Merchant Financial Services Limited ⁽²⁾ Halifax, NS	Common Shares	230,000	0.99%	Tier 2 Value
Tando Enterprises Inc. ⁽³⁾ Dartmouth, NS	Common Shares	416,666	1.79%	Tier 1 Value
	Common Shares	166,666	0.72%	Tier 2 Value
THLA Services Ltd. ⁽³⁾ Dartmouth, NS	Common Shares	906,250	3.89%	Tier 2 Value
Dr. Brian Ramjattan St. John's, NL	Common Shares	1,666,667	7.16%	Tier 2 Value
	Warrants	1,666,666	26.46%	Tier 2 Value
	Series B Debentures	\$500,000	100%	Tier 2 Value
Turner Family Limited Partnership ⁽⁴⁾ West Vancouver, BC	Common Shares	1,000,000	4.30%	Tier 2 Value
	Warrants	500,000	7.94%	Tier 2 Value
Maven Capital Incorporated ⁽⁵⁾ Toronto, ON	Common Shares	666,667	2.87%	Tier 2 Value
	Warrants	716,666	11.38%	Tier 2 Value
	Series A Debentures	\$275,000	34.38%	Tier 2 Value
TOTAL	Common Shares	7,744,722	33.28%	-
	Warrants	2,883,332	45.77%	
	Series A Debentures	\$275,000	34.38%	
	Series B Debentures	\$500,000	100%	

Notes:

- (1) A company controlled by Mr. Holmes.
- (2) A company controlled by Mr. Nicoll.
- (3) A company controlled by Mr. Anaka.
- (4) An entity controlled by Richard Turner.
- (5) A company jointly controlled by Messrs. Dean and Farrell.

Under the Tier 1 Escrow Agreement, 25% of the escrowed securities will be released on the issuance of the Final Exchange Bulletin (the " **Initial Release**") and an additional 25% will be released on each of the dates which are 6 months, 12 months and 18 months following the Initial Release. The securities released from escrow upon the Initial Release are reflected in the above table.

Under the Tier 2 Escrow Agreement, 10% of the escrowed securities will be released on the same date as the Initial Release pursuant to the Tier 1 Escrow Agreement and an additional 15% will be released on each of the dates which are 6 months, 12

months, 18 months, 24 months, 30 months and 36 months following the Initial Release. The securities released from escrow upon the Initial Release are reflected in the above table.

If the Resulting Issuer meets the Exchange's Tier 1 initial listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed securities pursuant to the Tier 2 Escrow Agreement will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The escrowed securities may not be transferred without the approval of the Exchange for release or transfer other than in specified circumstances set out in the Escrow Agreements.

Auditor, Transfer Agents and Registrars

The auditors of the Resulting Issuer are expected to be KPMG LLP, Purdy's Wharf, Tower I, 1959 Upper Water Street, Suite 1500, Halifax, Nova Scotia, B3J 3N2.

Computershare Investor Services, at its principal offices in Toronto, is the transfer agent and registrar for the Common Shares.

GENERAL MATTERS

Experts

The audited annual financial statements and notes thereto of NSX included in this Filing Statement have been audited by KPMG LLP, Chartered Professional Accountants.

KPMG LLP are the auditors of NSX and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

To the knowledge of management of NSX, as of the date hereof, no expert, nor any Associate or Affiliate of such person, has any beneficial interest, direct or indirect, in the securities or property of NSX.

Agent Relationship

Echelon Wealth Partners, located at 1 Adelaide St. East, Suite 2100, Toronto, ON M5C 2V9, and Industrial Alliance Securities Inc., located at 26 Wellington St. East, Suite 900, Toronto, Ontario, M5E 1S2, are acting as agents in connection with the Brokered Private Placement.

Expertised Reports

An appraisal report (the "**Appraisal Report**") of the market value of the Target Assets was carried out by Altus Group Limited ("**Altus**") in support of the Mortgage Financing, assessing such market value of the Target Assets at \$5,200,000.00. The Appraisal Report is dated March 29, 2018.

The disclosure below provides a summary of the Appraisal Report that addresses, among other things, Altus' principal inputs, qualifications, assumptions, scope of work, judgments and underlying reasoning in respect of its conclusions in assessing the market value of the Target Assets.

There are typically three approaches used to estimate market value:

- "**Income Approach**"- The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The Income Approach is comprised of two primary methods:
 - *Direct Capitalization*: This procedure involves dividing the stabilized net annual operating income (NOI) by a singular rate that takes into account the investment characteristics of the subject property.
 - *Discounted Cash Flow (DCF)*: This method calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

- **“Direct Comparison Approach”** - The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.
- **“Cost Approach”** - The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

The Target Assets are an investment property and the most likely purchaser would be an investor. Consequently, Altus used the Income Approach as the primary method of valuation. For most large-sized income-producing properties, the Direct Comparison Approach is developed in a rudimentary manner only to determine the market range of unit prices demonstrated by the sales or listings of comparable properties. Typically, this method is developed merely to support the conclusions reached by the Income Approach, rather than to act as a valuation conclusion in isolation. Altus did not use the Cost Approach, which does not typically reflect the motives and actions of buyers and sellers of properties like the Target Assets.

Building and Site Information			
Address	41 Noel Avenue	Site Area	46,231 sf
City, Province	Saint John, NB	Coverage Ratio	Approx. 16%
Property Type	Multi-Residential Rental	Parking Ratio	1.2%
Property Class	Executive, mature professional	Zoning	Mid-Rise Residential Zone (RM)
Year Built	2013	Condition	Very Good
Number of Storeys	2 storeys + walkout basement	Highest and Best Use	Current use
Valuation Reconciliation			
Effective Date	March 29, 2018	Liquidity	Good
Income Approach	\$5,200,000	Capitalization Rate	5.75%
Direct Comparison Approach	\$5,250,000	Unit Value	\$170,000 per unit
Cost Approach	N/A	Excess Land Value	N/A

The estimates of value from the approaches used were:

Valuation Methodology	Parameters			Conclusion
Direct Capitalization	Cap Rate		5.75%	\$5,200,000
Direct Comparison	Price / Unit	\$5,270,000	GIM	\$5,230,000
Final Value Conclusion (Rounded)				\$5,200,000
Final Value Conclusion Per Unit				\$167,742

In arriving at a final conclusion of market value, the Income Approach was given the greatest weight in the Appraisal Report, given that the Target Assets are an investment property.

Based on this estimate of current market value, Altus expected the liquidity of the Target Assets to be “Good”. “Good” liquidity has the following characteristics:

- Likely to achieve market value within a reasonable marketing period.
- Buyers, keen and able to make an acquisition.
- Restricted availability of similar assets.
- A good availability of both debt and equity.
- Reasonable marketing period and brokerage effort required in order to achieve market value.
- High confidence of brokers able to achieve market value estimate.
- Similar properties demonstrate pricing at a common view of market value.
- Investment character strengths outweigh the weaknesses.

Altus estimated that an exposure time of 3 to 6 months would have been required prior to the effective date to sell the Target Assets at its market value.

The Appraisal Report also sets forth the following commentary regarding the Target Assets:

- The location is good for apartment development of this quality.
- The Target Assets are the first Phase of a three Phased development, all of which were easily absorbed, where leasing up was at or near 100% at completion of construction.
- Vacancy has been low.
- Stable residential pricing.

The scope of work conducted by Altus in the preparation of the Appraisal Report included the following:

- An inspection of the interior and exterior of the Target Assets, as well as the surrounding neighbourhood, completed on March 29, 2018. Identification of the property also involved a review of Service New Brunswick documents.
- Review of publicly available documentation relating to physical, legal, social, political, economic and other factors that could affect the value of the Target Assets.
- Collection of municipal information pertaining to the Target Assets such as zoning, assessment and taxes.
- Review of documentation relating to the Target Assets provided by NSX or their agent, including but not limited to historic and budgeted occupancy costs, recovery formulae and projections.
- Research of transactional data on land and buildings comparable to the Target Assets. As well, a market rental survey was conducted to estimate rental rates for the Target Assets. Sources of market evidence included: Altus’ internal database and related in-house files, internal market surveys, real estate agents and brokers, landlords and real estate affiliated personnel.
- Estimation of the highest and best use “as if vacant” and the highest and best use of the land “as improved”.
- Valuation of the interest in the Target Assets utilizing the most appropriate appraisal methodology; in this regard, the “Income Approach” and “Direct Comparison Approach” were applied and later reconciled to a final estimate of value.
- Consideration of the possible effect on value of an assemblage, consideration of the possible effect on value of anticipated public or private improvements, of which there as deemed to be none.

- Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s).
- The analysis set out in the Appraisal Report relied on written and verbal information obtained from a variety of sources that were considered to be reliable. Unless otherwise stated in the Appraisal Report, NSX-supplied information was not verified and was believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work conducted by Altus in the preparation of the Appraisal Report:

- A title search was not conducted.
- The Appraisal Report did not consider any personal property.
- Findings that may be discovered through more rigorous due diligence mandate.
- A technical investigation such as the following was not completed, such as:
 - detailed inspections or engineering review of the structure, roof or mechanical systems;
 - an environmental review of the Target Assets;
 - a site or building survey;
 - investigations into the bearing qualities of the soil; or
 - audit of financial and legal arrangements concerning the Target Assets leases.

Altus concluded that the current market value of the Target Assets, as at March 29, 2018, subject to the Standard Terms and Limiting Conditions in Appendix A”, and the “Extraordinary Assumptions” in Section 1.4, of the Appraisal Report, was \$5,200,000.

This summary of the Appraisal Report does not purport to be complete and is subject to, and qualified in its entirety by, reference to the Appraisal Report, a copy of which is available without charge during regular business hours at the offices of NSX until 30 days after the Closing. **Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value at a particular date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market.**

Other Material Facts

There are no other material facts relating to NSX or the Transaction that are not disclosed elsewhere in this Filing Statement and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to NSX and the Resulting Issuer, assuming completion of the Transaction.

Board Approval

The Board has approved this Filing Statement.

CERTIFICATE OF NSX SILVER INC.

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of NSX Silver Inc., assuming completion of the Transaction.

DATED: August 21, 2018

“Johannes H.C. van Hoof”

Johannes H.C. van Hoof
Chief Executive Officer

“Glenn Holmes”

Glenn Holmes
Chief Financial Officer

On behalf of the Board of NSX Silver Inc.

“James Nicoll”

James Nicoll
Director

“James Proudfoot”

James Proudfoot
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Exchange Form 3D1/3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: August 21, 2018

NSX Silver Inc.

“James Nicoll”

James Nicoll
Chairman and Executive Vice President

SCHEDULE "A"

ISSUER'S FINANCIAL STATEMENTS

NSX Silver Inc.

Financial Statements
(expressed in Canadian dollars)

**For the years ended
December 31, 2017 and 2016**

April 30, 2018

Management's Report

The accompanying financial statements of **NSX Silver Inc.** are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The 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 financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's financial statements and recommended their approval by the Board of Directors.

KPMG LLP, appointed as the Company's auditors by the shareholders, have examined these financial statements and their report follows.

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

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



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of NSX Silver Inc.

We have audited the accompanying financial statements of NSX Silver Inc., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NSX Silver Inc. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



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Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that NSX Silver Inc. has a deficit and no operations at this time that will generate revenue. These conditions, along with other matters as set forth in Note 1 in the financial statements, indicate the existence of a material uncertainty that casts significant doubt about NSX Silver Inc.'s ability to continue as a going concern.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends.

Chartered Professional Accountants, Licensed Public Accountants
April 30, 2018
Halifax, Canada

NSX Silver Inc.
Statements of Financial Position
As at December 31, 2017 and 2016

(expressed in Canadian dollars)

	December 31, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	–	133,046
Sales tax recoverable	7,911	24,866
Deposits and prepaids	10,000	25,364
	<u>17,911</u>	<u>183,276</u>
Liabilities		
Current liabilities		
Bank indebtedness	2,450	–
Accounts payable and accrued liabilities (note 4)	303,635	206,707
Amount due to shareholders (note 5)	59,676	59,676
	<u>365,761</u>	<u>266,383</u>
Equity (note 7)	<u>(347,850)</u>	<u>(83,107)</u>
	<u>17,911</u>	<u>183,276</u>

Nature of operations and going concern (note 1)

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

Approved by the Board of Directors

(signed) “*Hans van Hoof*”, Director

(signed) “*James Proudfoot*”, Director

NSX Silver Inc.

Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

	Share capital \$ (note 7)	Warrants \$ (note 7)	Contributed surplus \$ (note 7)	Deficit \$	Total \$
Balance – December 31, 2015	5,600,249	–	310,000	(5,999,230)	(88,981)
Net loss and comprehensive loss for the period	–	–	–	(288,098)	(288,098)
Shares issued for cash, net of share issue costs	268,972	–	–	–	268,972
Warrants issued for cash	–	25,000	–	–	25,000
Balance – December 31, 2016	5,869,221	25,000	310,000	(6,287,328)	(83,107)
Net loss and comprehensive loss for the period	–	–	–	(324,418)	(324,418)
Shares issued for cash, exercise of warrants net of issue costs	62,175	(2,500)	–	–	59,675
Expiration of warrants	–	(22,500)	22,500	–	–
Balance – December 31, 2017	5,931,396	–	332,500	(6,611,746)	(347,850)

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

NSX Silver Inc.

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

	2017 \$	2016 \$
Operating expenses		
Consulting fees	174,814	216,900
Filing and other fees	19,929	24,788
Insurance	4,955	4,638
Office and other	10,985	15,884
Professional fees	53,612	14,943
Travel	18,941	10,945
Write-down of sales tax recoverable	41,182	-
	<hr/>	<hr/>
Net loss and comprehensive loss for the years	(324,418)	(288,098)
	<hr/>	<hr/>
Loss per share - basic and diluted	(\$0.03)	(\$0.05)
	<hr/>	<hr/>
Weighted average outstanding common shares – basic and diluted	9,781,076	6,356,388
	<hr/>	<hr/>

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

NSX Silver Inc.

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the periods	(324,418)	(288,098)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	16,955	(20,429)
Decrease (increase) in deposits and prepaid expenses	15,364	(25,364)
Increase in accounts payable and accrued liabilities	96,928	161,027
	<u>(195,171)</u>	<u>(172,864)</u>
Financing activities		
Proceeds from issuance of common shares, net of issue costs	–	293,972
Proceeds from the exercise of warrants, net of issue costs	59,675	–
Advances from shareholders - net	–	10,020
	<u>59,675</u>	<u>303,992</u>
Net change in cash for the years	(135,496)	131,128
Cash – Beginning of years	<u>133,046</u>	<u>1,918</u>
(Bank indebtedness) cash – End of years	<u>(2,450)</u>	<u>133,046</u>

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

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(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 financial statements as at December 31, 2017 and December 31, 2016 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 \$6.6 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. The Company received \$93,000 of advances from shareholders subsequent to December 31, 2017 and has entered into a brokered private placement of units as part of its strategy to focus on the ownership and management of multi-unit residential real estate. Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

2 Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

The Board of Directors approved the statements for issue on April 30, 2018.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

2 Basis of presentation (continued)

Basis of measurement

These 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

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary investments that are readily convertible to known amounts of cash.

Deferred share issuance costs

Costs directly attributable to the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Financial instruments

Financial instruments are classified as follows:

Cash and cash equivalents is classified as "Loans and Receivables". After its initial fair value measurement, it is measured at amortized cost using the effective interest method, less a provision for impairment.

Bank indebtedness, accounts payable and accrued liabilities, and amounts due to shareholders are classified as "Other Financial Liabilities". Other Financial Liabilities are initially recognized at fair value less transaction costs.

Subsequent to initial recognition, Other Financial Liabilities are measured at amortized cost using the effective interest method.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

Financial assets carried at amortized cost: the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Capital management

The Company's capital structure consists of share capital, deficit and contributed surplus, which at December 31, 2017 amounted to a deficiency of \$347,850 (2016 – a deficiency of \$83,107). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Stock-based compensation

The Company accounts for stock options using the fair value method. The estimated fair value of all stock options granted is recorded in the statements of loss and comprehensive loss over their vesting periods.

The Company grants stock options to certain officers and directors. Stock options vest in accordance with the individual option granting contracts and expire after ten years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately. Consideration paid by the directors and officers upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as share capital.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

Income taxes

The Company uses the asset and liability method for accounting for income taxes.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using tax rates and laws that have been enacted or substantively enacted by the end of the period.

Deferred tax assets and liabilities are recognized for all future tax consequences attributable to the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, except for the initial recognition of goodwill and the initial recognition of an asset or liability, which at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax assets are also recognized for unused tax losses and unused tax credits. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and other unused deductible amounts can be utilized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws expected to apply when the carrying amount of the assets or liabilities are recovered or settled or the unused losses are expected to be utilized.

Current and deferred income tax expense is recognized in the consolidated statements of loss and comprehensive loss for the year, except to the extent that the income taxes related to a transaction or event which is recognized, in the same or different period, either in other comprehensive income or directly in equity.

Earnings (loss) per share

Earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the year. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year. Diluted earnings (loss) per share for the period presented is the same as basic loss per share, as the Company has no dilutive instruments outstanding.

Related party transactions

All transactions with related parties are in the normal course of business.

Accounting Standards Adopted in the Current Year

The following amendments were adopted by the Company in the fiscal year:

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

i) Amendments to IAS 7, Statement of Cash Flows

In January 2016, the IAS 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 has adopted this amendment with no impact on the financial statements.

ii) Amendments to IAS12, *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 has adopted this amendment with no impact on the financial statements.

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, 2017. Standards and interpretations issued, but not yet adopted include:

i) 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 adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

ii) 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.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

iii) 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. As the company does not currently earn revenue, there is no impact expected on adoption.

iv) 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 adoption of the standard is not expected to have a material impact on the financial statements.

v) IFRIC 23, *Uncertainty over income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by the tax authorities. The Company intends to adopt the Interpretation in its financial statement for the annual period beginning on January 1, 2019 and does not expect the Interpretation to have a material impact on the financial statements.

4 Accounts payable and accrued liabilities

	December 31, 2017 \$	December 31, 2016 \$
Accounts payable	252,135	186,707
Accrued liabilities	51,500	20,000
	<u>303,635</u>	<u>206,707</u>

As at December 31, 2017, \$49,450 (2016 - \$12,000) of accounts payable and accrued liabilities is due to the officers and directors of the Company.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

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.

6 Compensation of key management

Key management includes the Company's Directors, the President and the Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is summarized as follows:

	December 31, 2017 \$	December 31, 2016 \$
Cash compensation and other benefits	90,850	63,000

Cash compensation and other benefits is included in consulting fees on the statement of loss. As of December 31, 2017, \$49,450 (December 31, 2016 - \$12,000) had not been paid.

7 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

	# of shares	Amount \$
Common shares issued and fully paid		
Balance – December 31, 2015	4,592,957	5,600,249
Shares issued for cash, net of issue costs	4,999,992	268,972
Balance – December 31, 2016	9,592,949	5,869,221
Shares issued for cash, exercise of warrants net of issue costs	499,998	62,175
Balance – December 31, 2017	10,092,947	5,931,396

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.

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

7 Share capital (continued)

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 it 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 years ended December 31, 2017 and 2016, the Company did not grant any stock options. At December 31, 2017 and 2016, the Company did not have any stock options granted and outstanding.

d) Warrants

The following table summarizes the changes in the Company's warrants for the years ended December 31, 2017 and 2016:

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

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

	\$
Balance – December 31, 2015 and December 31, 2016	310,000
Expiration of warrants	22,500
Balance – December 31, 2017	332,500

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

8 Income taxes

At December 31, 2017, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% to the pre-tax loss for the period. The reasons for the difference are as follows:

	December 31, 2017 \$	December 31, 2016 \$
Loss before income taxes	324,418	288,098
Income tax rate	31%	31%
Income tax recovery based on statutory rates	101,000	89,000
Current year loss and deductible temporary differences for which no assets are recognized	(101,000)	(89,000)
Provision for income taxes	—	—

As at December 31, 2017, the Company has non-capital tax losses of approximately \$1,195,000 (December 31, 2016 - \$872,000) available for carry-forward to reduce taxable income of future years. The non-capital tax losses expire between 2032 and 2037. As at December 31, 2017, the Company also has other deductible temporary differences of approximately \$4,000 (December 31, 2016 - \$5,000) not recognized in the financial statements.

9 Related party transactions

Administrative consulting services were provided during the year ended December 31, 2017 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was \$73,600 (2016 - \$56,000). The Company recorded these costs to consulting fees.

Administrative consulting services were provided during year ended December 31, 2017 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was \$17,250 (2016 - \$7,000). The Company recorded these costs to consulting fees.

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.

During the year ended December 31, 2016, the Company received advances from a director aggregating \$18,000. These advances are non-interest bearing and are payable upon demand.

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

NSX Silver Inc.

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

(expressed in Canadian dollars)

10 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

11 Subsequent event

Subsequent to December 31, 2017, the Company received advances from shareholders aggregating \$93,000. The advances are non-interest bearing, unsecured and are payable upon demand.

NSX Silver Inc.

Unaudited Interim Condensed
Financial Statements
(expressed in Canadian dollars)

March 31, 2018

May 29, 2018

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.

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

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

NSX Silver Inc.

Unaudited Interim Condensed Statements of Financial Position

As at March 31, 2018 and December 31, 2017

(expressed in Canadian dollars)

	March 31, 2018 \$	December 31, 2017 \$
Assets		
Current assets		
Cash and cash equivalents	489	–
Sales tax recoverable	7,911	7,911
Deposits and prepaids	41,438	10,000
	<hr/> 49,838	<hr/> 17,911
Liabilities		
Current liabilities		
Bank indebtedness	–	2,450
Accounts payable and accrued liabilities (note 4)	360,671	303,635
Amount due to shareholders (note 5)	117,676	59,676
	<hr/> 478,347	<hr/> 365,761
Equity (note 6)	<hr/> (428,509)	<hr/> (347,850)
	<hr/> 49,838	<hr/> 17,911

Nature of operations and going concern (note 1)

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

Approved by the Board of Directors

(signed) "Hans van Hoof", Director

(signed) "James Proudfoot", Director

NSX Silver Inc.

Unaudited Interim Condensed Statements of Changes in Equity For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

	Share capital \$ (note 6)	Warrants \$ (note 6)	Contributed surplus \$ (note 6)	Deficit \$	Total \$
Balance – December 31, 2016	5,869,221	25,000	310,000	(6,287,328)	(83,107)
Net loss and comprehensive loss for the period	–	–	–	(108,959)	(108,959)
Balance – March 31, 2017	<u>5,869,221</u>	<u>25,000</u>	<u>310,000</u>	<u>(6,396,287)</u>	<u>(192,066)</u>
Balance – December 31, 2017	5,931,396	–	332,500	(6,611,746)	(347,850)
Net loss and comprehensive loss for the period	–	–	–	(80,659)	(80,659)
Balance – March 31, 2018	<u>5,931,396</u>	<u>–</u>	<u>332,500</u>	<u>(6,692,405)</u>	<u>(428,509)</u>

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

NSX Silver Inc.

Unaudited Interim Condensed Statements of Loss and Comprehensive Loss For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

	March 31, 2018 \$	March 31, 2017 \$
Operating expenses		
Consulting fees	65,663	86,907
Filing and other fees	2,977	1,777
Insurance	1,973	1,506
Office and other	5,323	892
Professional fees	–	12,612
Travel	4,723	5,265
	<hr/>	<hr/>
Net loss and comprehensive loss for the years	(80,659)	(108,959)
	<hr/>	<hr/>
Loss per share - basic and diluted	(\$0.01)	(\$0.01)
	<hr/>	<hr/>
Weighted average outstanding common shares – basic and diluted	10,092,947	9,592,949
	<hr/>	<hr/>

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

NSX Silver Inc.

Unaudited Interim Condensed Statements of Cash Flows For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

	March 31, 2018 \$	March 31, 2017 \$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the periods	(80,659)	(108,959)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	–	(7,006)
Decrease (increase) in deposits and prepaid expenses	(31,438)	364
Increase in accounts payable and accrued liabilities	57,036	22,566
	<u>(55,061)</u>	<u>(93,035)</u>
Financing activities		
Advances from shareholders	<u>58,000</u>	–
	<u>58,000</u>	–
Net change in cash for the periods	2,939	(93,035)
Cash (bank indebtedness) – Beginning of periods	<u>(2,450)</u>	133,046
Cash – End of periods	<u>489</u>	<u>40,011</u>

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

NSX Silver Inc.

Notes to Unaudited Interim Condensed Financial Statements For the periods ended March 31, 2018 and 2017

(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.

Going concern

These unaudited interim condensed financial statements as at March 31, 2018 and March 31, 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 \$6.7 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. The Company received \$80,000 of advances from shareholders subsequent to March 31, 2018 and has entered into a brokered private placement of units as part of its strategy to focus on the ownership and management of multi-unit residential real estate. Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital.

These unaudited interim condensed financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

2 Basis of presentation

Statement of compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards.

NSX Silver Inc.

Notes to Unaudited Interim Condensed Financial Statements For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

2 Basis of presentation (continued)

Statement of compliance (continued)

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, 2017.

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 the unaudited interim condensed financial statements for issue on May 29, 2018.

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, 2017. Refer to note 3 – Significant Accounting Policies, of the Company’s annual consolidated financial statements for the year ended December 31, 2017 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Accounts payable and accrued liabilities

	March 31, 2018	December 31, 2017
	\$	\$
Accounts payable	303,996	252,135
Accrued liabilities	56,675	51,500
	<u>360,671</u>	<u>303,635</u>

As at March 31, 2018, \$82,225 (December 31, 2017 - \$49,450) of accounts payable and accrued liabilities is due to the officers and directors of the Company, excluding expense reimbursements.

NSX Silver Inc.

Notes to Unaudited Interim Condensed Financial Statements For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

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.

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

	# of shares	Amount \$
Common shares issued and fully paid		
Balance – December 31, 2016 and March 31, 2017	9,592,949	5,869,221
Shares issued for cash, exercise of warrants net of issue costs	499,998	62,175
Balance – December 31, 2017 and March 31, 2018	<u>10,092,947</u>	<u>5,931,396</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 it 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 period ended March 31, 2018, the Company did not grant any stock options. At March 31, 2018 and March 31, 2017, 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 March 31, 2018 and 2017

(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 March 31, 2018 and 2017:

	Expiry date	Exercise price \$	Number	Ascribed value \$
Balance – December 31, 2016 and March 31, 2017	August 16, 2017	0.12	4,999,992	25,000
Warrants exercised during the period	August 16, 2017	0.12	(499,998)	(2,500)
Warrants expired during the period	August 16, 2017	0.12	<u>(4,499,994)</u>	<u>(22,500)</u>
Balance – December 31, 2017 and March 31, 2017			<u>–</u>	<u>–</u>

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

	\$
Balance – December 31, 2016 and March 31, 2017	310,000
Expiration of warrants	<u>22,500</u>
Balance – December 31, 2017 and March 31, 2018	<u>332,500</u>

7 Related party transactions

Administrative consulting services were provided during the period ended March 31, 2018 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was \$27,600 (March 31, 2017 - \$24,000). The Company recorded these costs to consulting fees.

Administrative consulting services were provided during the period ended March 31, 2018 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was \$5,175 (March 31, 2017 - \$5,000). The Company recorded these costs to consulting fees.

During the period ended March 31, 2018, the Company received advances from a director aggregating \$3,000. These advances are non-interest bearing and are payable upon demand.

NSX Silver Inc.

Notes to Unaudited Interim Condensed Financial Statements

For the periods ended March 31, 2018 and 2017

(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 2018 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 March 31, 2018, the Company received advances from shareholders aggregating \$80,000 of which \$35,000 was from directors. The advances from directors are non-interest bearing, unsecured and are payable upon demand. The Company also secured bridge loan financing for an additional \$250,000 for total bridge financing of \$350,000 ("Bridge Loans").

The Bridge Loans are evidenced with promissory notes that have a maximum maturity date of one year and provide that, in consideration of the risk to the lenders in respect of the respective loans extended thereunder, the Company may, at its sole option, any time prior to the maturity date, and subject to Exchange acceptance, grant a loan bonus to the lenders of the maximum number of non-transferable warrants permitted to be issued as a loan bonus to such lender pursuant to Exchange Policy 5.1, being the principal sum outstanding under each promissory note divided by the market price (as such term is defined in Exchange Policy 1.1 (Interpretation)) of the common shares of the company. The Board of Directors of the Company determined that it is in the best interests of the Company to exercise its option to issue the warrants as a loan bonus to each lender as set forth in its respective promissory note. The Company issued the maximum number of warrants permitted under Exchange Policy 5.1 with respect to the aggregate arm's length amount of \$300,000 outstanding under the promissory notes, resulting in a total of 2,499,998 warrants being issued, in aggregate, to the lenders. Each warrant is exercisable into one common share for a period of 12 months from the date of issuance, at an exercise price of 12 cents per warrant share.

A portion of the Bridge Loan proceeds was used to fund further deposits to Village View Limited Partnership No. 1 aggregating \$31,500 bringing the total deposits paid to \$71,500 of which \$25,000 is a non-refundable deposit, which deposit shall be credited towards the purchase price for 41 Noel Ave. on closing, and \$46,500 is a refundable deposit, which deposit shall be credited towards the purchase price for 41 Noel Ave. on closing.

NSX Silver Inc.

Notes to Unaudited Interim Condensed Financial Statements

For the periods ended March 31, 2018 and 2017

(expressed in Canadian dollars)

SCHEDULE "B"

ISSUER'S MANAGEMENT DISCUSSION & ANALYSIS

NSX SILVER INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Background

This Management's Discussion and Analysis (MD&A) of NSX Silver Inc. ("NSX Silver" or "the Company") is dated April 30, 2018 and should be read in conjunction with the audited financial statements and accompanying notes for the years ended December 31, 2017 and December 31, 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS). 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 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; operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; 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 was comprised of one common share of the Company and one common share purchase warrant. Each warrant entitled 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 conditional share purchase agreement to acquire all of the issued and outstanding shares of Residence Cameron Ltd. On May 1, 2017, the Company announced that it terminated the acquisition transaction and that it was pursuing the acquisition of another venture.

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 is currently listed as a mining issuer. 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.

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, 2017 was \$324,418 (\$0.03 per share) compared to a net loss of \$288,098 (\$0.05 per share) for the year ended December 31, 2016 and a net loss of \$338,876 (\$0.07 per share) for the year ended December 31, 2015. In 2015, the Company recorded a loss on disposition of CMOB of \$295,968 or \$0.06 per share.

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

	As at December 31, 2017 \$	As at December 31, 2016 \$	As at December 31, 2015 \$
Total current assets	17,911	183,276	6,355
Total assets	17,911	183,276	6,355
Total current liabilities	365,761	266,383	95,336
Total liabilities	365,761	266,383	95,336
Shareholders’ Equity	(347,850)	(83,107)	(88,981)
Net income (loss)	(324,418)	(288,098)	(338,876)
Net income (loss) per share	(0.03)	(0.05)	(0.07)

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, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Operating expenses	\$	\$	\$	\$	\$	\$	\$	\$
Consulting fees	1,372	46,335	40,200	86,907	132,568	76,332	8,000	-
Insurance	1,154	765	1,530	1,506	1,153	1,153	1,144	1,188
Professional fees	18,650	17,350	5,000	12,612	9,436	790	4,052	665
Filing and other fees	10,684	6,209	1,259	1,777	8,617	12,466	2,455	1,250
Office and other	2,033	3,838	4,222	892	4,507	7,425	2,879	1,073
Travel	10,931	2,745	-	5,265	5,974	3,209	1,762	-
Write-down of sales tax recoverable	41,182	-	-	-	-	-	-	-
Net income (loss) for the period	(86,006)	(77,242)	(52,211)	(108,959)	(162,255)	(101,375)	(20,292)	(4,176)
Basic and diluted net loss per share	(0.005)	(0.01)	(0.005)	(0.01)	(0.02)	(0.02)	(0.004)	(0.001)

Results of Operations for the Year Ended December 31, 2017

NSX Silver's net loss for the year ended December 31, 2017 was \$324,418 or \$0.03 per share compared to \$288,098 or \$0.05 per share year for the year ended December 31, 2016.

The Company had no source of revenues during the years ended December 31, 2017 and 2016. Expenses were comprised largely of consulting and professional fees related to change of business Transaction. Consulting and professional fees incurred during the year ended December 31, 2017 were respectively \$174,814 and \$53,612 compared to \$216,900 and \$14,943. The increase in professional fees was related to the 41 Noel Avenue acquisition transaction.

During the year ended December 31, 2017, the Company recorded a write-down of its sales tax recoverable asset of \$41,182. The write-down related to the Canada Revenue Agency disallowing HST refunds as a result of deeming the Company to be in the real estate business. The Company is evaluating whether it has the basis for filing a notice of objection with CRA.

Liquidity and Capital Resources

The Company had bank indebtedness of \$2,450 and a working capital deficiency of \$347,850 at December 31, 2017.

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. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

Subsequent to December 31, 2017, the Company received advances from shareholders totaling \$93,000. The advances are non-interest bearing, unsecured and are payable upon demand.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Administrative consulting services were provided during the year ended December 31, 2017 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was \$73,600 (2016 - \$56,000). The Company recorded these costs to consulting fees.

Administrative consulting services were provided during year ended December 31, 2017 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was \$17,250 (2016 - \$7,000). The Company recorded these costs to consulting fees.

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. During the year ended December 31, 2016, the Company received advances from a director aggregating \$18,000. These advances are non-interest bearing and are payable upon demand.

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

Outstanding Share Data

The Company has 10,092,947 common shares issued and outstanding at December 31, 2017 and April 30, 2018.

During the year ended December 31, 2017, 499,998 warrants were exercised for aggregate proceeds of \$60,000 and the balance of 4,499,994 warrants expired unexercised.

The Company has no stock options or warrants outstanding at December 31, 2017 and April 30, 2018.

Accounting Standards Adopted in the Current Year

The following amendments were adopted by the Company in the fiscal year:

i) Amendments to IAS 7, Statement of Cash Flows

In January 2016, the IAS 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 has adopted this amendment with no impact on the financial statements.

ii) Amendments to IAS12, 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 has adopted this amendment with no impact on the financial statements.

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, 2017. Standards and interpretations issued, but not yet adopted include:

i) 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 adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

ii) 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.

iii) 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. As the company does not currently earn revenue, there is no impact expected on adoption.

iv) 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 adoption of the standard is not expected to have a material impact on the financial statements.

v) IFRIC 23, *Uncertainty over income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by the tax authorities. The Company intends to adopt the Interpretation in its financial statement for the annual period beginning on January 1, 2019 and does not expect the Interpretation to have a material impact on the financial statements.

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 received \$93,000 of advances from shareholders subsequent to December 31, 2017 and has entered into a brokered private placement of units 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.

NSX SILVER INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2018

Background

This Management's Discussion and Analysis (MD&A) of NSX Silver Inc. ("NSX Silver" or "the Company") is dated May 29, 2018 and should be read in conjunction with the unaudited interim financial statements and accompanying notes for the periods ended March 31, 2018 and March 31, 2017, and the audited financial statements and accompanying notes for the years ended December 31, 2017 and December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS). 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 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".

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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".

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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.

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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.

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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 was comprised of one common share of the Company and one common share purchase warrant. Each warrant entitled 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 conditional share purchase agreement to acquire all of the issued and outstanding shares of Residence Cameron Ltd. On May 1, 2017, the Company announced that it terminated the acquisition transaction and that it was pursuing the acquisition of another venture.

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 is currently listed as a mining issuer. 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.

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 three months ended March 31, 2018 was \$80,659 (\$0.01 per share) compared to a net loss of \$324,418 (\$0.03 per share) for the year ended December 31, 2017 and a net loss of \$288,098 (\$0.05 per share) for the year ended December 31, 2016.

The following table contains selected financial information for the three month period ended March 31, 2018 and the years ended December 31, 2017 and December 31, 2016.

	As at March 31, 2018 \$	As at December 31, 2017 \$	As at December 31, 2016 \$
Total current assets	49,838	17,911	183,276
Total assets	49,838	17,911	183,276
Total current liabilities	478,347	365,761	266,383
Total liabilities	478,347	365,761	266,383
Shareholders’ Equity	(428,509)	(347,850)	(83,107)
Net income (loss)	(80,659)	(324,418)	(288,098)
Net income (loss) per share	(0.01)	(0.03)	(0.05)

Summary of Quarterly Operating Results

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

Quarter ended	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Operating expenses	\$	\$	\$	\$	\$	\$	\$	\$
Consulting fees	65,663	1,372	46,335	40,200	86,907	132,568	76,332	8,000
Insurance	1,973	1,154	765	1,530	1,506	1,153	1,153	1,144
Professional fees	-	18,650	17,350	5,000	12,612	9,436	790	4,052
Filing and other fees	2,977	10,684	6,209	1,259	1,777	8,617	12,466	2,455
Office and other	5,323	2,033	3,838	4,222	892	4,507	7,425	2,879
Travel	4,723	10,931	2,745	-	5,265	5,974	3,209	1,762
Write-down of sales tax recoverable	-	41,182	-	-	-	-	-	-
Net income (loss) for the period	(80,659)	(86,006)	(77,242)	(52,211)	(108,959)	(162,255)	(101,375)	(20,292)
Basic and diluted net loss per share	(0.01)	(0.005)	(0.01)	(0.005)	(0.01)	(0.02)	(0.02)	(0.004)

Results of Operations for the Three Months Ended March 31, 2018

NSX Silver's net loss for the three month period ended March 31, 2018 was \$80,659 or \$0.01 per share compared to \$108,959 or \$0.01 per share year for the three month period ended March 31, 2017.

The Company had no source of revenues during the periods ended March 31, 2018 and March 31, 2017. Expenses for the period were comprised largely of consulting fees related to progressing the change of business Transaction. Consulting fees incurred during the three month period ended March 31, 2018 totaled \$65,663 compared to \$86,907 for the prior year period.

Liquidity and Capital Resources

The Company had total current assets of \$49,838 and a working capital deficiency of \$428,509 at March 31, 2018

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. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

Subsequent to March 31, 2018, the Company received advances from shareholders totaling \$80,000. The advances are non-interest bearing, unsecured and are payable upon demand.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

Administrative consulting services were provided during the period ended March 31, 2018 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was \$27,600 (March 31, 2017 - \$24,000). The Company recorded these costs to consulting fees.

Administrative consulting services were provided during the period ended March 31, 2018 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was \$5,175 (March 31, 2017 - \$5,000). The Company recorded these costs to consulting fees.

During the period ended March 31, 2018, the Company received advances from a director aggregating \$3,000. These advances are non-interest bearing and are payable upon demand.

Outstanding Share Data

The Company has 10,092,947 common shares issued and outstanding at March 31, 2018 and May 29, 2018.

During the year ended December 31, 2017, 499,998 warrants were exercised for aggregate proceeds of \$60,000 and the balance of 4,499,994 warrants expired unexercised.

The Company has no stock options or warrants outstanding at March 31, 2018 and May 29, 2018.

Accounting Standards Adopted in Fiscal 2017

The following amendments were adopted by the Company in the 2017 fiscal year:

i) Amendments to IAS 7, Statement of Cash Flows

In January 2016, the IAS 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 has adopted this amendment with no impact on the financial statements.

ii) Amendments to IAS12, 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 has adopted this amendment with no impact on the financial statements.

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, 2017. Standards and interpretations issued, but not yet adopted include:

i) 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 adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

ii) 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.

iii) 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. As the company does not currently earn revenue, there is no impact expected on adoption.

iv) 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 adoption of the standard is not expected to have a material impact on the financial statements.

v) IFRIC 23, *Uncertainty over income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by the tax authorities. The Company intends to adopt the Interpretation in its financial statement for the annual period beginning on January 1, 2019 and does not expect the Interpretation to have a material impact on the financial statements.

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 received \$93,000 of advances from shareholders subsequent to December 31, 2017 and has entered into a brokered private placement of units 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.

SCHEDULE "C"

FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS OF TARGET ASSETS

Audited Financial Statements of

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

December 31, 2017

Independent Auditors' Report

To the Partners of Village View No. 1 Limited Partnership

We have audited the accompanying financial statements of Village View No. 1 Limited Partnership, which comprise of the statement of financial position as at December 31, 2017 and December 31, 2016, and and the statements of loss and comprehensive loss and statement of changes in partners' equity and cash flows for the years ended December 31, 2017 and December 31, 2016, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Village View No. 1 Limited Partnership as at December 31, 2017 and December 31, 2016 and its financial performance and cash flows for the years ended December 31, 2017 and December 31, 2016.

Beers Neal LLP

Chartered Professional Accountants

May 31, 2018

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Financial Position
as at December 31, 2017

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 8,715	\$ 9,182
Prepays	55,513	66,082
Harmonized sales tax	-	421
	<u>64,228</u>	<u>75,685</u>
INVESTMENT PROPERTY (Note 5)	3,647,976	3,786,343
EQUIPMENT (Note 6)	52,249	64,994
DUE FROM GENERAL PARTNER (Note 7)	4,524	4,524
	<u>\$ 3,768,977</u>	<u>\$ 3,931,546</u>
CURRENT LIABILITIES		
Demand loan (Note 8)	\$ 50,000	\$ 50,000
Trade payables	88,003	93,336
Unearned revenue	8,100	9,450
Current portion of long-term debt (Note 9)	105,331	111,850
	<u>251,434</u>	<u>264,636</u>
LONG-TERM DEBT (Note 9)	3,042,839	3,125,796
DUE TO LIMITED PARTNERS AND OTHER RELATED PARTIES (Note 10)	6,867	31,928
DUE TO VILLAGE VIEW NO. 2 LIMITED PARTNERSHIP (Note 11)	335,275	329,440
DUE TO VILLAGE VIEW NO. 3 LIMITED PARTNERSHIP (Note 12)	6,401	-
	<u>3,642,816</u>	<u>3,751,800</u>
PARTNERS' EQUITY	126,161	179,746
	<u>\$ 3,768,977</u>	<u>\$ 3,931,546</u>

Notes 16 and 17

APPROVED ON BEHALF OF THE PARTNERSHIP:

_____ Partner

_____ Partner

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Changes in Partners' Equity
year ended December 31, 2017

	<u>General Partners Units</u>	<u>Limited Partners Units</u>	<u>Deficit</u>	<u>Total 2017</u>
TOTAL PARTNERS' EQUITY BALANCE, BEGINNING OF YEAR	\$ 33	\$ 525,100	\$ (345,387)	\$ 179,746
Net loss and comprehensive loss for the year	-	-	(53,585)	(53,585)
TOTAL PARTNERS' EQUITY BALANCE, END OF YEAR	\$ 33	\$ 525,100	\$ (398,972)	\$ 126,161

	<u>General Partners Units</u>	<u>Limited Partners Units</u>	<u>Deficit</u>	<u>Total 2016</u>
TOTAL PARTNERS' EQUITY BALANCE, BEGINNING OF YEAR	\$ 33	\$ 525,100	\$ (302,977)	\$ 222,156
Net loss and comprehensive loss for the year	-	-	(42,410)	(42,410)
TOTAL PARTNERS' EQUITY BALANCE, END OF YEAR	\$ 33	\$ 525,100	\$ (345,387)	\$ 179,746

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Loss and Comprehensive Loss year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Rental revenue	\$ 467,652	\$ 462,475
Expenses		
Advertising	368	530
Amortization	151,475	160,381
Building and property maintenance	28,498	20,439
Dues and Fees	60	-
Finance costs	146,398	150,455
Garbage removal	4,694	4,877
Insurance	12,867	9,532
Management fees	26,140	9,300
Office	2,670	2,178
Professional fees	18,872	17,136
Property taxes	84,231	81,036
Realtor fees	7,264	13,081
Superintendent fees	15,600	15,600
Utilities	22,100	20,392
	<u>521,237</u>	<u>504,937</u>
Loss before undernoted	(53,585)	(42,462)
Interest income	-	52
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (53,585)	\$ (42,410)

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Cash Flows

year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss and comprehensive loss for the year	\$ (53,585)	\$ (42,410)
Items not affecting cash:		
Amortization - investment property	138,367	144,132
Amortization - equipment	13,108	16,249
	<u>97,890</u>	<u>117,971</u>
Changes in non-cash operating working capital items:		
Harmonized sales tax	421	(1)
Prepays	10,569	(1,696)
Payables	(5,333)	(2,562)
Unearned revenue	(1,350)	-
	<u>102,197</u>	<u>113,712</u>
FINANCING		
Advances from general partner	-	330
Advances (to) from limited partners and other related parties	(25,061)	(37,508)
Advances from Village View No. 2 Limited Partnership	5,835	7,547
Advances from Village View No. 3 Limited Partnership	6,401	-
Repayment of long-term debt	(89,476)	(85,810)
	<u>(102,301)</u>	<u>(115,441)</u>
INVESTING		
Purchase of equipment	(363)	-
NET CASH OUTFLOW	<u>(467)</u>	<u>(1,729)</u>
CASH POSITION, BEGINNING OF YEAR	<u>9,182</u>	<u>10,911</u>
CASH POSITION, END OF YEAR	<u>\$ 8,715</u>	<u>\$ 9,182</u>

Note 15

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Village View No. 1 Limited Partnership (the "Partnership") was formed on June 28, 2012 under the laws of the Province of New Brunswick. The Partnership's head office is located in Saint John, New Brunswick.

The Partnership has one general partner, Village View Suites Inc. and two limited partners, 621946 N.B. Inc. and Anron Inc. Village View Suites Inc. holds 33 partnership units, 621946 NB Inc. holds 275,100 partnership units and Anron Inc. holds 137,550 partnership units. The Partnership shall pursue its activities for an unlimited term, unless otherwise dissolved.

The Partnership was formed to carry on the business of developing and leasing investment property.

The financial statements were approved by Management on May 31, 2018

2. FUTURE CHANGES IN ACCOUNTING STANDARDS

Financial instruments

In July 2014, the IASB issued the final publication of IFRS 9 *Financial Instruments* ("IFRS 9"), superseding IAS 39 *Financial Instruments*. IFRS 9 establishes principles for financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will allow more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Partnership has not yet determined the effect of IFRS 9 on its financial statements.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The standard establishes a five-step model to be applied to all contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration that the entity expects to be entitled in exchange for goods or services to a customer. IFRS 15 will supersede all current revenue recognition requirements under IFRS. The standard is required for all annual periods beginning on or after January 1, 2018 and early adoption is permitted. The Partnership does not expect IFRS 15 to have a significant effect on its financial statements as revenue earned from leases is outside the scope of this standard.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

2. FUTURE CHANGES IN ACCOUNTING STANDARDS (continued)

Leases

In January 2016, the IASB published a new standard - IFRS 16 *Leases* ("IFRS 16"). The new standard brings most leases to the balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. The Partnership does not expect IFRS 16 to have a significant effect on its financial statements.

Investment property

In December 2016, the IASB issued an amendment to IAS 40 *Investment Property* ("IAS 40") clarifying certain existing IAS 40 requirements. The amendment requires that an asset be transferred to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of property does not provide evidence of a change in use. These amendments are effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. These amendments are not expected to have any significant effect on the Partnership's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The Partnership has adopted accounting policies which are based on the IFRS applicable as at December 31, 2017, and includes individual IFRS and International Accounting Standards (IAS).

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Partnership's functional and presentation currency is the Canadian dollar. These financial statements are presented in Canadian dollars.

The financial statements reflect the financial position and financial performance of the Partnership and do not include other assets, liabilities, revenue and expenses of the partners.

Cash

Cash includes bank deposits, cash on hand and short-term deposits with an initial maturity of less than three months.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Property

Investment property includes a multi-family residential property held to earn rental income. The Partnership considers its income property to be investment property under IAS 40 *Investment Property* ("IAS 40"), and has chosen the cost model to account for its investment property in the financial statements.

Investment property is measured initially at cost, including transaction costs. Transaction costs include deed transfer taxes and various professional fees. Investment property is amortized using the declining balance method at a rate of 4% per annum.

Equipment

Equipment is stated at historical cost less accumulated amortization and consists mainly of appliances, office furniture and equipment, fitness equipment and model unit furniture.

Amortization of equipment is calculated on components that have homogeneous useful lives by using the declining balance method so as to amortize the initial cost down to the residual value at a rate of 20% per annum.

Useful lives, residual values and amortization methods are reviewed at the end of each fiscal year. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "other operating income and expenses" in net income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of the those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period incurred.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Initial recognition and subsequent measurement

Financial instruments must be classified into one of the following specified categories: at fair value through profit or loss ("FVTPL"), held to maturity investments, available-for-sale ("AFS") financial assets, loans and receivables and other financial liabilities. The Partnership classifies its financial instruments as follows:

Cash, receivables and the amount due from general partner are classified as loans and receivables, are initially accounted for at fair value and subsequently measured at amortized cost which includes adjustments for any allowance for doubtful accounts, with allowances reported in bad debt expense.

Trade payables are classified as other financial liabilities and are initially recorded as fair value and subsequently recorded at amortized cost using the effective interest rate method, with realized gains and losses reported in income.

Long-term debt, the demand loan and the amounts due to related parties are classified as other financial liabilities and are initially recorded at fair value, net of transaction costs and subsequently recorded at amortized cost using the effective interest rate method, with the effective interest rate amortization and realized gains and losses reported in net income.

Transaction costs related to loans and receivables and other liabilities, measured at amortized cost, are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

The effective interest rate method discounts estimated future cash payments or receipts through the expected life of a financial instrument, thereby calculating the amortized cost and subsequently allocating the interest income or expense over the life of the instrument.

Impairment of assets

The carrying amounts of the Partnership's assets are reviewed at each reporting date to determine whether there is an indication of impairment. An asset may be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (i.e., an incurred "loss event") and if that loss event has an effect on the estimated future cash flows of the financial asset. If an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Partnership maintains an allowance for doubtful accounts on receivables if required. The estimate is based on the best assessment of the collectability of the related receivable balance based in part on the age of the outstanding receivables and on the Partnership's historical collection and loss experience. When the carrying amount of the receivables is reduced through the allowance, the reduction is recognized in bad debt expense in the statement of income.

Non-financial assets

For non-financial assets such as investment property and equipment, the recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing the value in use, the estimate future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with an impairment loss recognized immediately in net income.

Related parties

In the normal course of operations, the Partnership enters into various transactions on market terms with related parties, which have been measured at their exchange value and are recognized in the financial statements. Related party transactions are further disclosed in Notes 7, 10, 11, 12 and 14.

Revenue recognition

Rental income from investment properties is recognized on a straight-line basis over the lease term. The Partnership has not transferred substantially of the benefits and risks of ownership of its rental properties, and therefore accounts for leases with tenants as operating leases.

Interest income is recognized as earned.

Unearned revenue

Rent received in advance is deferred and recognized in the month to which it relates.

Income taxes

Income taxes are the responsibility of the partners and not the Partnership. Accordingly, no provision for income taxes have been recorded in the financial statements.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

The Partnership's accounting policy relating to investment property is described in Note 3. Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of its life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

5. INVESTMENT PROPERTY

	<u>Land</u>	<u>Building</u>	<u>Total 2017</u>
Cost balance			
As at December 31, 2017	\$ 327,164	\$ 3,935,611	\$ 4,262,775
Accumulated amortization balance			
As at December 31, 2016	\$ -	\$ 476,432	\$ 476,432
Amortization for the year	-	138,367	138,367
As at December 31, 2017	\$ -	\$ 614,799	\$ 614,799
Net book value			
As at December 31, 2017	\$ 327,164	\$ 3,320,812	\$ 3,647,976

There were no additions or disposals during 2017.

The fair value of investment property approximates \$4,900,000, based on a capitalization rate of 5.9% as outlined in a recent purchase and sale agreement entered into with an arms-length party.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

5. INVESTMENT PROPERTY (continued)

	<u>Land</u>	<u>Building</u>	<u>Total 2016</u>
Cost balance			
As at December 31, 2016	\$ 327,164	\$ 3,935,611	\$ 4,262,775
Accumulated amortization balance			
As at December 31, 2015	\$ -	\$ 332,300	\$ 332,300
Amortization for the year	-	144,132	144,132
As at December 31, 2016	\$ -	\$ 476,432	\$ 476,432
Net book value			
As at December 31, 2016	\$ 327,164	\$ 3,459,179	\$ 3,786,343

There were no additions or disposals during 2016.

6. EQUIPMENT

	<u>2017</u>
Cost balance	
As at December 31, 2017	\$ 131,324
Accumulated amortization balance	
As at December 31, 2016	\$ 65,967
Amortization for the year	13,108
As at December 31, 2017	\$ 79,075
Net book value	
As at December 31, 2017	\$ 52,249

Additions during 2017 totalled \$363 (2016 - nil).

	<u>2016</u>
Cost balance	
As at December 31, 2016	\$ 130,961
Accumulated amortization balance	
As at December 31, 2015	\$ 49,718
Amortization for the year	16,249
As at December 31, 2016	\$ 65,967
Net book value	
As at December 31, 2016	\$ 64,994

There were no additions or disposals during 2016.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

7. DUE FROM GENERAL PARTNER

The amount due from Village View Suites Inc., a general partner, is non-interest bearing and due on demand.

As the Partnership has agreed not to demand repayment, the amount has been excluded from current assets.

8. DEMAND LOAN

The demand loan to an unrelated party is non-interest bearing with no set terms of repayment and as such has been classified as current.

9. LONG-TERM DEBT

	<u>2017</u>	<u>2016</u>
First National mortgage payable, with an effective interest rate of 4.22%, repayable in monthly blended instalments of \$18,561, matures June 2024, amortized to April 2039. This mortgage has been reduced by unamortized transaction costs totaling \$177,220 (2016 - \$189,668).	\$ 3,148,170	\$ 3,237,646
Less current portion	105,331	111,850
	<u>\$ 3,042,839</u>	<u>\$ 3,125,796</u>

As security, the Partnership has provided a first priority mortgage and charge over the investment property and equipment located at 41 Noel Avenue, Saint John, New Brunswick with a net book value of \$3,700,226, a first priority general assignment of rents and / or leases of the investment property, a first priority general security agreement over all present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the investment property and a guarantee and postponement of claim from directors and 621946 N.B. Inc. (Note 10) in the amount of \$1,835,450.

Principal repayments required on long-term debt for each of the next five years are estimated to be as follows:

2018	\$ 105,331
2019	109,178
2020	113,166
2021	117,300
2022	121,585
	<u>566,560</u>
Unamortized transaction costs	<u>(177,220)</u>
	<u>\$ 389,340</u>

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

10. DUE TO LIMITED PARTNERS AND OTHER RELATED PARTIES

	<u>2017</u>	<u>2016</u>
Due from 621946 N.B. Inc., a limited partner, is non-interest bearing and due on demand.	\$ (193,354)	\$ (168,293)
Due from SBLS Holdings Inc., a company owned by the directors, is non-interest bearing and due on demand.	(62)	(62)
Due to Stephen Brittain, director of the Partnership and 50% shareholder of 621946 N.B. Inc., is interest bearing at prime less 0.50% and is due on demand.	99,558	99,558
Due to Lee Seale, director of the Partnership and 50% shareholder of 621946 N.B. Inc., is interest bearing at prime less 0.50% and is due on demand.	100,725	100,725
	<u>\$ 6,867</u>	<u>\$ 31,928</u>

As the Partnership has the right and intent to off-set the amounts due to directors against the amount due from 621946 N.B. Inc. and SBLS Holdings Inc., the balances have been off-set on the statement of financial position.

As the parties have agreed not to demand repayment, the amounts have been classified as long-term.

11. DUE TO VILLAGE VIEW NO.2 LIMITED PARTNERSHIP

The amount due to Village View No.2 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

As Village View No.2 Limited Partnership has agreed not to demand repayment within the next twelve months, the amount has been classified as long-term.

12. DUE TO VILLAGE VIEW NO.3 LIMITED PARTNERSHIP

The amount due to Village View No.3 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

As Village View No.3 Limited Partnership has agreed not to demand repayment within the next twelve months, the amount has been classified as long-term.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

13. FINANCIAL INSTRUMENTS AND RISKS

Management of capital risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners.

Management monitors capital throughout the year. The Partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Fair values

The Partnership's financial instruments consist of cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership and long-term debt.

The fair values of the Partnership's cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows relating to operations and its holding of cash and cash equivalents.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements
year ended December 31, 2017

13. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk (continued)

The contractual maturities (including interest payments where applicable) of the Partnership's financial liabilities on an undiscounted basis as at December 31, 2017 are summarized below:

	<u>1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>> 10 years</u>
Payables	\$ 88,003	\$ -	\$ -	\$ -
Demand loan	50,000	-	-	-
Long-term debt	222,732	890,928	1,113,660	2,524,296
Due to related parties	-	344,019	-	-
	<u>\$ 360,735</u>	<u>\$ 1,234,947</u>	<u>\$ 1,113,660</u>	<u>\$ 2,524,296</u>

14. RELATED PARTY TRANSACTIONS

During the year, the Partnership paid management fees of \$26,140 (2016 - \$9,300) charged by 667117 N.B. Inc and Searle Property Management., both companies are controlled by a director.

The transactions were in the normal course of operations and was measured at the exchange amount, which is the amount of consideration established and agreed to the by the parties.

15. STATEMENT OF CASH FLOWS

During the year, the Partnership paid and received the following:

	<u>2017</u>	<u>2016</u>
	\$	\$
Finance fees paid	146,398	150,456
Interest received	-	56

16. LEGAL MATTER

A claim has been brought against the Partnership and others including the general partner, Village View Suites Inc. (Note 7), for failing to pay invoices for engineering services provided in the construction of the investment property. The Partnership's position is that the claim is barred by the Limitation of Actions Act (New Brunswick). The Partnership's legal council has advised that it is too early to accurately judge the outcome of this matter, however, it is their belief that the ultimate resolution of this action would not have a material adverse effect on the Partnership's financial position or results of operations.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Financial Statements

year ended December 31, 2017

17. SUBSEQUENT EVENT

During the year the Partnership entered into an agreement to sell the investment property and equipment for \$4,900,000. The transaction is subject to normal closing activities, including due diligence, and has an expected closing date of June 28, 2018.

Unaudited Interim Financial Statements of

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

March 31, 2018

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Partners of Village View No. 1 Limited Partnership

We have reviewed the accompanying interim financial statements of Village View No. 1 Limited Partnership, which comprise of the statement of financial position as at March 31, 2018 and the statements of changes in partners' equity, loss and comprehensive loss and cash flows for the quarters ended March 31, 2018 and March 31, 2017, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements do not present fairly, in all material respects, the financial position of Village View No. 1 Limited Partnership as at March 31, 2018 and its financial performance and cash flows for the quarters ended March 31, 2018 and March 31, 2017.

Beers Neal LLP

Chartered Professional Accountants
Saint John, New Brunswick
July 12, 2018

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Financial Position

as at March 31, 2018

(unaudited)

	<u>2018</u>	<u>2017</u>
	March 31	December 31
CURRENT ASSETS		
Cash	\$ 19,778	\$ 8,715
Receivables	1,400	-
Prepays	55,528	55,513
	<hr/>	<hr/>
	76,706	64,228
INVESTMENT PROPERTY (Note 5)	3,614,768	3,647,976
EQUIPMENT (Note 6)	49,707	52,249
DUE FROM GENERAL PARTNER (Note 7)	4,524	4,524
DUE FROM VILLAGE VIEW NO. 3 LIMITED PARTNERSHIP (Note 8)	9,337	-
	<hr/>	<hr/>
	\$ 3,755,042	\$ 3,768,977
	<hr/>	<hr/>
CURRENT LIABILITIES		
Demand loan (Note 9)	\$ 50,000	\$ 50,000
Payables	95,966	88,003
Deposits (Note 17)	40,000	-
Unearned revenue	6,129	8,100
Current portion of long-term debt (Note 10)	106,280	105,331
	<hr/>	<hr/>
	298,375	251,434
LONG-TERM DEBT (Note 10)	3,009,081	3,042,839
DUE TO LIMITED PARTNERS AND OTHER RELATED PARTIES (Note 11)	867	6,867
DUE TO VILLAGE VIEW NO. 2 LIMITED PARTNERSHIP (Note 12)	335,275	335,275
DUE TO VILLAGE VIEW NO. 3 LIMITED PARTNERSHIP	-	6,401
	<hr/>	<hr/>
	3,643,598	3,642,816
PARTNERS' EQUITY	111,444	126,161
	<hr/>	<hr/>
	\$ 3,755,042	\$ 3,768,977
	<hr/>	<hr/>

Notes 16 and 17

APPROVED ON BEHALF OF THE PARTNERSHIP:

_____ Partner

_____ Partner

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Changes in Partners' Equity
quarters ended March 31, 2018 and March 31, 2017
(unaudited)

	<u>General Partners Units</u>	<u>Limited Partners Units</u>	<u>Deficit</u>	<u>Total 2018</u>
TOTAL PARTNERS' EQUITY BALANCE, DECEMBER 31, 2017	\$ 33	\$ 525,100	\$ (398,972)	\$ 126,161
Net loss and comprehensive loss for the quarter	-	-	(14,717)	(14,717)
TOTAL PARTNERS' EQUITY BALANCE, MARCH 31, 2018	\$ 33	\$ 525,100	\$ (413,689)	\$ 111,444

	<u>General Partners Units</u>	<u>Limited Partners Units</u>	<u>Deficit</u>	<u>Total 2017</u>
TOTAL PARTNERS' EQUITY BALANCE, DECEMBER 31, 2016	\$ 33	\$ 525,100	\$ (345,387)	\$ 179,746
Net loss and comprehensive loss for the quarter	-	-	(25,672)	(25,672)
TOTAL PARTNERS' EQUITY BALANCE, MARCH 31, 2017	\$ 33	\$ 525,100	\$ (371,059)	\$ 154,074

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Loss and Comprehensive Loss
quarters ended March 31, 2018 and March 31, 2017
(unaudited)

	<u>2018</u>	<u>2017</u>
Rental revenue	\$ 120,273	\$ 114,940
Expenses		
Amortization	35,824	37,842
Building and property maintenance	9,505	13,799
Finance costs	36,524	37,095
Garbage removal	1,898	866
Insurance	995	3,844
Management fees	11,263	4,650
Office	1,001	1,165
Professional fees	3,750	6,269
Property taxes	19,768	21,521
Realtor fees	1,809	776
Superintendent fees	3,900	3,900
Utilities	8,769	8,044
Wages	-	857
	<u>135,006</u>	<u>140,628</u>
Loss before undernoted	(14,733)	(25,688)
Interest income	16	16
NET LOSS AND COMPREHENSIVE LOSS FOR THE QUARTER	\$ (14,717)	\$ (25,672)

Note 14

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Statement of Cash Flows

quarters ended March 31, 2018 and March 31, 2017

(unaudited)

	<u>2018</u>	<u>2017</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss and comprehensive loss for the quarter	\$ (14,717)	\$ (25,672)
Items not affecting cash:		
Amortization - investment property	33,208	34,592
Amortization - equipment	2,616	3,250
	<u>21,107</u>	<u>12,170</u>
Changes in non-cash operating working capital items:		
Receivables	(1,400)	421
Prepays	(15)	8,954
Payables	7,889	14,351
Unearned revenue	(1,971)	(4,050)
	<u>25,610</u>	<u>31,846</u>
FINANCING		
Advances to limited partners and other related parties	(6,000)	(8,269)
Advances from Village View No. 2 Limited Partnership	-	834
Advances to Village View No. 3 Limited Partnership	(15,738)	-
Repayment of long-term debt	(32,809)	(32,176)
	<u>(54,547)</u>	<u>(39,611)</u>
INVESTING		
Deposits (Note 17)	40,000	-
NET CASH INFLOW (OUTFLOW)	11,063	(7,765)
CASH POSITION, BEGINNING OF QUARTER	8,715	9,182
CASH POSITION, END OF QUARTER	\$ 19,778	\$ 1,417

Note 15

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Village View No. 1 Limited Partnership (the "Partnership") was formed on June 28, 2012 under the laws of the Province of New Brunswick. The Partnership's head office is located in Saint John, New Brunswick.

The Partnership has one general partner, Village View Suites Inc. and two limited partners, 621946 N.B. Inc. and Anron Inc. Village View Suites Inc. holds 33 partnership units, 621946 NB Inc. holds 275,100 partnership units and Anron Inc. holds 137,550 partnership units. The Partnership shall pursue its activities for an unlimited term, unless otherwise dissolved.

The Partnership was formed to carry on the business of developing and leasing investment property.

The financial statements were approved by Management on July 12, 2018.

2. FUTURE CHANGES IN ACCOUNTING STANDARDS

Financial instruments

In July 2014, the IASB issued the final publication of IFRS 9 *Financial Instruments* ("IFRS 9"), superseding IAS 39 *Financial Instruments*. IFRS 9 establishes principles for financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will allow more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Partnership will not be impacted by IFRS 9 as it does not have hedging relationships.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). The standard establishes a five-step model to be applied to all contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration that the entity expects to be entitled in exchange for goods or services to a customer. IFRS 15 will supersede all current revenue recognition requirements under IFRS. The standard is required for all annual periods beginning on or after January 1, 2018. Revenue earned from leases is outside the scope of this standard.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

2. FUTURE CHANGES IN ACCOUNTING STANDARDS (continued)

Leases

In January 2016, the IASB published a new standard - IFRS 16 *Leases* ("IFRS 16"). The new standard brings most leases to the balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. The Partnership does not expect IFRS 16 to have a significant effect on its financial statements.

Investment property

In December 2016, the IASB issued an amendment to IAS 40 *Investment Property* ("IAS 40") clarifying certain existing IAS 40 requirements. The amendment requires that an asset be transferred to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of property does not provide evidence of a change in use. These amendments are effective for annual periods beginning on or after January 1, 2018. These amendments are not expected to have any significant effect on the Partnership's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The Partnership has adopted accounting policies which are based on the IFRS applicable as at March 31, 2018 and includes individual IFRS and International Accounting Standards (IAS).

These unaudited interim financial statements are in compliance with the International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The preparation of interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. These unaudited interim financial statements should be read in conjunction with the Partnership's financial statements for the year ended December 31, 2017.

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

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements
quarter ended March 31, 2018
(unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Partnership's functional and presentation currency is the Canadian dollar. These interim financial statements are presented in Canadian dollars.

The interim financial statements reflect the financial position and financial performance of the Partnership and do not include other assets, liabilities, revenue and expenses of the partners.

Cash

Cash includes bank deposits, cash on hand and short-term deposits with an initial maturity of less than three months.

Investment Property

Investment property includes a multi-family residential property held to earn rental income. The Partnership considers its income property to be investment property under IAS 40 *Investment Property* ("IAS 40"), and has chosen the cost model to account for its investment property in the interim financial statements.

Investment property is measured initially at cost, including transaction costs. Transaction costs include deed transfer taxes and various professional fees. Investment property is amortized using the declining balance method at a rate of 4% per annum.

Equipment

Equipment is stated at historical cost less accumulated amortization and consists mainly of appliances, office furniture and equipment, fitness equipment and model unit furniture.

Amortization of equipment is calculated on components that have homogeneous useful lives by using the declining balance method so as to amortize the initial cost down to the residual value at a rate of 20% per annum.

Useful lives, residual values and amortization methods are reviewed at the end of each fiscal year. Such a review takes into consideration the nature of the assets, their intended use and technological changes. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "other operating income and expenses" in net income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of the those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period incurred.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Initial recognition and subsequent measurement

Financial instruments must be classified into one of the following specified categories: at fair value through profit or loss ("FVTPL"), held to maturity investments, available-for-sale ("AFS") financial assets, loans and receivables and other financial liabilities. The Partnership classifies its financial instruments as follows:

Cash, receivables and the amount due from general partner are classified as loans and receivables, are initially accounted for at fair value and subsequently measured at amortized cost which includes adjustments for any allowance for doubtful accounts, with allowances reported in bad debt expense.

Trade payables and deposits are classified as other financial liabilities and are initially recorded at fair value and subsequently recorded at amortized cost using the effective interest rate method, with realized gains and losses reported in income.

Long-term debt, the demand loan and the amounts due to related parties are classified as other financial liabilities and are initially recorded at fair value, net of transaction costs and subsequently recorded at amortized cost using the effective interest rate method, with the effective interest rate amortization and realized gains and losses reported in net income.

Transaction costs related to loans and receivables and other liabilities, measured at amortized cost, are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

The effective interest rate method discounts estimated future cash payments or receipts through the expected life of a financial instrument, thereby calculating the amortized cost and subsequently allocating the interest income or expense over the life of the instrument.

Impairment of assets

The carrying amounts of the Partnership's assets are reviewed at each reporting date to determine whether there is an indication of impairment. An asset may be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (i.e., an incurred "loss event") and if that loss event has an effect on the estimated future cash flows of the financial asset. If an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Partnership maintains an allowance for doubtful accounts on receivables if required. The estimate is based on the best assessment of the collectability of the related receivable balance based in part on the age of the outstanding receivables and on the Partnership's historical collection and loss experience. When the carrying amount of the receivables is reduced through the allowance, the reduction is recognized in bad debt expense in the statement of income.

Non-financial assets

For non-financial assets such as investment property and equipment, the recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing the value in use, the estimate future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with an impairment loss recognized immediately in net income.

Related parties

In the normal course of operations, the Partnership enters into various transactions on market terms with related parties, which have been measured at their exchange value and are recognized in the interim financial statements. Related party transactions are further disclosed in Notes 7, 8, 11, 12 and 14.

Revenue recognition

Rental income from investment properties is recognized on a straight-line basis over the lease term. The Partnership has not transferred substantially of the benefits and risks of ownership of its rental properties, and therefore accounts for leases with tenants as operating leases.

Interest income is recognized as earned.

Unearned revenue

Rent received in advance is deferred and recognized in the month to which it relates.

Income taxes

Income taxes are the responsibility of the partners and not the Partnership. Accordingly, no provision for income taxes have been recorded in the interim financial statements.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

The Partnership's accounting policy relating to investment property is described in Note 3. Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of its life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

5. INVESTMENT PROPERTY

	<u>Land</u>	<u>Building</u>	<u>Total 2018</u>
Cost balance			
As at March 31, 2018	\$ 327,164	\$ 3,935,611	\$ 4,262,775
Accumulated amortization balance			
As at March 31, 2017	\$ -	\$ 511,024	\$ 511,024
Amortization from April 1 - December 31, 2017	-	103,775	103,775
Amortization for the quarter	-	33,208	33,208
As at March 31, 2018	\$ -	\$ 648,007	\$ 648,007
Net book value			
As at March 31, 2018	\$ 327,164	\$ 3,287,604	\$ 3,614,768

There were no additions or disposals during the first quarter of 2018.

The fair value of investment property approximates \$4,900,000, based on a capitalization rate of 5.9% as outlined in a recent purchase and sale agreement entered into with an arms-length party (Note 17).

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements
quarter ended March 31, 2018
(unaudited)

5. INVESTMENT PROPERTY (continued)

	<u>Land</u>	<u>Building</u>	<u>Total 2017</u>
Cost balance			
As at Decemer 31, 2017	\$ 327,164	\$ 3,935,611	\$ 4,262,775
Accumulated amortization balance			
As at December 31, 2016	\$ -	\$ 476,432	\$ 476,432
Amortization for the year	-	138,367	138,367
As at December 31, 2017	\$ -	\$ 614,799	\$ 614,799
Net book value			
As at December 31, 2017	\$ 327,164	\$ 3,320,812	\$ 3,647,976

There were no additions or disposals during 2017.

6. EQUIPMENT

	<u>2018</u>
Cost balance	
As at March 31, 2018	\$ 131,324
Accumulated amortization balance	
As at March 31, 2017	\$ 69,216
Amortization from April 1 - Dec 31, 2017	9,785
Amortization for the quarter	2,616
As at March 31, 2018	\$ 81,617
Net book value	
As at March 31, 2018	\$ 49,707

There were no additions or disposals during the first quarter of 2018.

	<u>2017</u>
Cost balance	
As at December 31, 2017	\$ 131,324
Accumulated amortization balance	
As at December 31, 2016	\$ 65,967
Amortization for the year	13,108
As at December 31, 2017	\$ 79,075
Net book value	
As at December 31, 2017	\$ 52,249

Additions during 2017 totalled \$363

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

7. DUE FROM GENERAL PARTNER

The amount due from Village View Suites Inc., a general partner, is non-interest bearing and due on demand.

As the Partnership has agreed not to demand repayment, the amount has been excluded from current assets.

8. DUE FROM VILLAGE VIEW NO.3 LIMITED PARTNERSHIP

The amount due from Village View No.3 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

The Company has agreed not to demand repayment within the next twelve months and therefore, the amount has been classified as long-term.

9. DEMAND LOAN

The demand loan to an unrelated party is non-interest bearing with no set terms of repayment and as such has been classified as current.

10. LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
First National mortgage payable, with an effective interest rate of 4.22%, repayable in monthly blended instalments of \$18,561, matures June 2024, amortized to April 2039 and is secured by property with a net book value of \$3,614,768. This mortgage has been reduced by unamortized transaction costs totaling \$174,123 (2017 - \$186,549).	\$ 3,115,361	\$ 3,148,170
Less current portion	106,280	105,331
	<u>\$ 3,009,081</u>	<u>\$ 3,042,839</u>

As security, the Partnership has provided a first priority mortgage and charge over the investment property and equipment located at 41 Noel Avenue, Saint John, New Brunswick with a net book value of \$3,664,475, a first priority general assignment of rents and / or leases of the investment property, a first priority general security agreement over all present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the investment property and a guarantee and postponement of claim from directors and 621946 N.B. Inc. (Note 11) in the amount of \$1,835,450.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

10. LONG-TERM DEBT (continued)

Principal repayments required on long-term debt for each of the next five years are estimated to be as follows:

2019	106,280
2020	110,162
2021	114,186
2022	118,357
2023	122,680
	571,665
Unamortized transaction costs	(174,123)
	<u>\$ 397,542</u>

11. DUE TO (FROM) LIMITED PARTNERS AND OTHER RELATED PARTIES

	<u>2018</u>	<u>2017</u>
Due from 621946 N.B. Inc., a limited partner, is non-interest bearing and due on demand.	\$ (199,354)	\$ (193,354)
Due from SBLS Holdings Inc., a company owned by the directors, is non-interest bearing and due on demand.	(62)	(62)
Due to Stephen Brittain, director of the Partnership and 50% shareholder of 621946 N.B. Inc., is interest bearing at prime less 0.50% and is due on demand.	99,558	99,558
Due to Lee Seale, director of the Partnership and 50% shareholder of 621946 N.B. Inc., is interest bearing at prime less 0.50% and is due on demand.	100,725	100,725
	<u>\$ 867</u>	<u>\$ 6,867</u>

As the Partnership has the right and intent to off-set the amounts due to directors against the amount due from 621946 N.B. Inc. and SBLS Holdings Inc., the balances have been off-set on the statement of financial position.

As the parties have agreed not to demand repayment, the amounts have been classified as long-term.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

12. DUE TO VILLAGE VIEW NO.2 LIMITED PARTNERSHIP

The amount due to Village View No.2 Limited Partnership, related by virtue of common control, is non-interest bearing and due on demand.

As Village View No.2 Limited Partnership has agreed not to demand repayment within the next twelve months, the amount has been classified as long-term.

13. FINANCIAL INSTRUMENTS AND RISKS

Management of capital risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners.

Management monitors capital throughout the year. The Partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Fair values

The Partnership's financial instruments consist of cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership and long-term debt.

The fair values of the Partnership's cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows relating to operations and its holding of cash and cash equivalents.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

13. FINANCIAL INSTRUMENTS AND RISKS (continued)

The contractual maturities (including interest payments where applicable) of the Partnership's financial liabilities on an undiscounted basis as at March 31, 2018 are summarized below:

	<u>1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>> 10 years</u>
Payables	\$ 95,966	\$ -	\$ -	\$ -
Demand loan	50,000	-	-	-
Deposit	40,000	-	-	-
Long-term debt	222,732	1,113,660	1,113,660	2,245,881
Due to related parties	-	322,280	-	-
	<u>\$ 408,698</u>	<u>\$ 1,435,940</u>	<u>\$ 1,113,660</u>	<u>\$ 2,245,881</u>

14. RELATED PARTY TRANSACTIONS

During the quarter, the Partnership paid management fees of \$4,650 (2017 - \$4,650) charged by 667117 N.B. Inc., and \$6,613 (2017 - \$nil) charged by Seale Property Management, companies controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to the by the parties.

15. STATEMENT OF CASH FLOWS

During the quarter, the Partnership paid and received the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Finance fees paid	36,525	146,398
Interest received	16	-

16. LEGAL MATTER

A claim has been brought against the Partnership and others including the general partner, Village View Suites Inc. (Note 7), for failing to pay invoices for engineering services provided in the construction of the investment property. The Partnership's position is that the claim is barred by the Limitation of Actions Act (New Brunswick). The Partnership's legal council has advised that it is too early to accurately judge the outcome of this matter, however, it is their belief that the ultimate resolution of this action would not have a material adverse effect on the Partnership's financial position or results of operations.

VILLAGE VIEW NO. 1 LIMITED PARTNERSHIP

Notes to the Interim Financial Statements

quarter ended March 31, 2018

(unaudited)

17. SUBSEQUENT EVENT

The Partnership entered into an agreement to sell the investment property and equipment for \$4,900,000 plus estimated closing costs of \$261,500 for a total price of \$5,161,500. The transaction is subject to normal closing activities, including due diligence, and has an expected closing date of July 31, 2018. At March 31, 2018, the Partnership had received a deposit of \$40,000 towards the purchase price. The deposit is comprised of \$15,000 refundable and \$25,000 that is non-refundable. An additional \$31,500 refundable deposit was received subsequent to the quarter end, for a total deposit of \$71,500.

The deposit will be applied to the proceeds of disposition on closing. In the event the transaction is not successfully completed, \$46,500 will be refunded and \$25,000 will be recognized as income.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Years ended December 31, 2017 and December 31, 2016

Background

This Management’s Discussion and Analysis (“MD&A”) of Village View #1 Limited Partnership (“the Partnership”) is dated July 12, 2018 and provides an analysis of the Partnership’s operations for the years ended December 31, 2017 and December 31, 2016. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the years ended December 31 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are in Canadian dollars unless otherwise specified.

Forward Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively – forward-looking statements). The Partnership 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.

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 the Partnership, that could influence actual results include, but are not limited to: lack of operating history; regulatory risks; substantial capital and liquidity requirements; financing risks, competition; reliance on management and dependence on key personnel; conflicts of interest of management; exposure to potential litigation, and other factors beyond the control of The Partnership.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Partnership undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are 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 the Partnership 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. See “Risk and Uncertainties”.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Years ended December 31, 2017 and December 31, 2016

Partnership Overview

Village View No. 1 Limited Partnership was formed on June 28, 2012 under the laws of the Province of New Brunswick to purchase land and construct a multi-unit residential apartment building located at 41 Noel Avenue, Saint John, New Brunswick, E2K 4M1, Canada. The building was available for use on September 1, 2013 and is the only asset owned and operated by the Partnership. The Partnership's head office is located at this address.

The Partnership has one general partner, Village View Suites Inc. and two limited partners, 621946 NB Inc. and Anron Inc. Village View Suites Inc. holds 33 partnership units, 621946 NB Inc. holds 275,100 partnership units and Anron Inc. holds 137,550 partnership units. The Partnership shall pursue its activities for an unlimited term, unless otherwise dissolved.

The principal business of the Partnership is the operation of the multi-unit residential apartment building. The goal of the Partners is to offer high end rental units and to operate at full capacity. The building routinely has a waiting list to fill vacancies as they arise.

The building was constructed in 2013 and has 31 units. The initial costs for the investment property and equipment as follows:

Land	\$ 327,164
Building	3,935,611
Equipment / Furnishings	<u>130,960</u>
Total	<u>\$4,393,736</u>

The project was financed through partners' equity of \$525,133, loans from the partners', a demand loan for \$50,000 from an un-related party and a mortgage advanced by First National Financing LP on December 31, 2014. The initial mortgage for \$3,670,900 matures on June 1, 2024 and bears interest at 3.62%. Payments are amortized over 25 years.

The mortgage is secured by a first priority mortgage and charge over the investment property and equipment located at 41 Noel Avenue, Saint John, New Brunswick, a first priority general assignment of rents and leases, a first priority general security agreement over all present and after-acquired personal property in connection with the investment property and a guarantee and postponement of claim from directors and related parties.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Years ended December 31, 2017 and December 31, 2016

Results of Operations

Revenue

Revenues from rental operations for the year ended December 31, 2017 were \$467,652 compared \$462,475 for the year ended December 31, 2016, an increase of \$5,177 due to increases in rental rates.

Expenses

Total expenses for the year ended December 31, 2017 were \$521,237 compared to \$504,937 for the year ended December 31, 2016, an increase of \$16,300. Increases in building and property maintenance, insurance, management fees, professional fees, property tax and utilities were offset by decreases in amortization and realtor fees.

Finance Costs

Interest on the Partnership's debt for the year ended December 31, 2017 were \$146,398 compared to \$150,455 for the year ended December 31, 2016. Most of the interest expense relates to the long-term debt on the First National Financing. Financing fees incurred on the advance of the mortgage, are amortized to interest expense over the term of the mortgage. The amortization included in finance costs for the year ended December 31, 2017 was \$12,447 compared to \$12,521 for the year ended December 31, 2016. The advances from related parties bear interest at 0.5% per annum.

Amortization Expense

Amortization for the year ended December 31, 2017 was \$151,475 compared to \$160,381 for the year ended December 31, 2016. The building and equipment are amortized using the declining balance method at 4% and 20% per annum, respectively. There were no significant additions during 2016 or 2017.

Operating Cash Flow

Operating cash flow for the year ended December 31, 2017 was \$102,197 compared to \$113,712 for the year ended December 31, 2016, a decrease of \$11,515 due to increases in expenses.

Liquidity

The financial statements have been prepared on the basis of International Financial Reporting Standards applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business.

As at December 31, 2017, the Partnership had working capital deficiency of \$81,875 (2016 - 2016 - \$77,101) Cash was \$8,715 compared to \$9,182 in 2016. Included in current assets is prepaid property tax \$55,512 (2016 - \$57,112). In the Province of New Brunswick property tax is based on a calendar year and is payable on May 31st of each year. Property tax is collected and held on deposit by First National for the payment of property tax. Payables include disputed amounts as described the notes to the financial statements.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Years ended December 31, 2017 and December 31, 2016

Other than the above mentioned current liabilities, the Partnership has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Partnership will realize its assets and discharge its liabilities in the normal course of business.

Working capital deficiencies are covered by loans from the partners, as required.

Transactions with Related Parties

The Partnership paid management fees of \$26,140 (2016 - \$9,300) to companies controlled by directors.

Off Balance Sheet Arrangements

The Partnership has no off-balance sheet arrangements.

Risks and Uncertainties

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

Management of Capital Risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners. Management monitors capital throughout the year. The partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Fair values

The Partnership's financial instruments consist of cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership and long-term debt.

The fair values of the Partnership's cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

VILLAGE VIEW #1 LIMITED PARTNERSHIP

Management Discussion and Analysis

Years ended December 31, 2017 and December 31, 2016

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through the Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet the short-term business requirements, taking into account its anticipated cash flows relating to operations and its holding of cash and cash equivalents.

Litigation

The Partnership and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Accounts payable includes disputed amounts, as disclosed in the notes to the financial statements, from the construction of the investment property for \$56,000.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Critical Accounting Estimates and Judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

The Partnership's accounting policy relating to investment property is described in Note 3. Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of its' life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Years ended December 31, 2017 and December 31, 2016

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

Outlook

Demand for high-end rental units continues to be strong. Vacancy rates remain and the Partnership has been able to increase rental rates as tenants turn over generating stronger results at the top line. The Partnership continues to actively manage expenses and reduce operating costs. The Partnership has entered into a non-binding agreement to sell the investment property and equipment for \$4,900,000.

Approval

The Partner's have approved the financial statements and the disclosure contained in this MD&A.

Dated: July 12, 2018

Signed "Stephen Brittain"

Stephen Brittain

VILLAGE VIEW #1 LIMITED PARTNERSHIP

Management Discussion and Analysis

Three Months Ended March 31, 2018

Background

This Management's Discussion and Analysis ("MD&A") of Village View #1 Limited Partnership ("the Partnership") is dated July 12, 2018 and provides an analysis of the Partnership's operations for the three month periods ended March 31, 2018 and March 31, 2017. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the year ended December 31, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise specified.

Forward Looking Information

Certain statements in this MD&A are forward-looking statements or information (collectively – forward-looking statements). The Partnership 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.

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 the Partnership, that could influence actual results include, but are not limited to: lack of operating history; regulatory risks; substantial capital and liquidity requirements; financing risks, competition; reliance on management and dependence on key personnel; conflicts of interest of management; exposure to potential litigation, and other factors beyond the control of The Partnership.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Partnership undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are 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 the Partnership 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. See "Risk and Uncertainties".

VILLAGE VIEW #1 LIMITED PARTNERSHIP

Management Discussion and Analysis

Three Months Ended March 31, 2018

Partnership Overview

Village View No. 1 Limited Partnership was formed on June 28, 2012 under the laws of the Province of New Brunswick to purchase land and construct a multi-unit residential apartment building located at 41 Noel Avenue, Saint John, New Brunswick, E2K 4M1, Canada. The building was available for use on September 1, 2013 and is the only asset owned and operated by the Partnership. The Partnership's head office is located at this address.

The Partnership has one general partner, Village View Suites Inc. and two limited partners, 621946 NB Inc. and Anron Inc. Village View Suites Inc. holds 33 partnership units, 621946 NB Inc. holds 275,100 partnership units and Anron Inc. holds 137,550 partnership units. The Partnership shall pursue its activities for an unlimited term, unless otherwise dissolved.

The principal business of the Partnership is the operation of the multi-unit residential apartment building. The goal of the Partners is to offer high end rental units and to operate at full capacity. The building routinely has a waiting list to fill vacancies as they arise.

The building was constructed in 2013 and has 31 units. The initial costs for the investment property and equipment as follows:

Land	\$ 327,164
Building	3,935,611
Equipment / Furnishings	<u>130,960</u>
Total	<u>\$4,393,736</u>

The project was financed through partners' equity of \$525,133, loans from the partners', a demand loan for \$50,000 from an un-related party and a mortgage advanced by First National Financing LP on March 31, 2014. The initial mortgage for \$3,670,900 matures on June 1, 2024 and bears interest at 3.62%. Payments are amortized over 25 years.

The mortgage is secured by a first priority mortgage and charge over the investment property and equipment located at 41 Noel Avenue, Saint John, New Brunswick, a first priority general assignment of rents and leases, a first priority general security agreement over all present and after-acquired personal property in connection with the investment property and a guarantee and postponement of claim from directors and related parties.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Three Months Ended March 31, 2018

Results of Operations

Revenue

Revenues from rental operations for the quarter ended March 31, 2018 were \$120,273 compared \$114,940 for the quarter ended March 31, 2017, an increase of \$5,333 due to increases in rental rates.

Expenses

Total expenses for the quarter ended March 31, 2018 were \$135,006 compared to \$140,628 for the quarter ended March 31, 2017, a decrease of \$5,622. Increases in management fees, garbage removal and utilities were offset by decreases in amortization, building and property maintenance, finance costs, insurance, professional fees and property taxes. The Partnership received an insurance premium rebate in the quarter ended March 31, 2018 resulting in a reduction in insurance expense in the quarter.

Finance Costs

Interest on the Partnership's debt for the quarter ended March 31, 2018 were \$36,524 compared to \$37,095 for the quarter ended March 31, 2017. Most of the interest expense relates to the long-term debt on the First National Financing. Financing fees incurred on the advance of the mortgage, are amortized to interest expense over the term of the mortgage. The amortization included in finance costs for the quarter ended March 31, 2018 was \$3,097 compared to \$3,119 for the quarter ended March 31, 2017. The advances from related parties bear interest at 0.5% per annum.

Amortization Expense

Amortization for the quarter ended March 31, 2018 was \$35,824 compared to \$37,842 for the quarter ended March 31, 2017. The building and equipment are amortized using the declining balance method at 4% and 20% per annum, respectively. There were no significant additions during 2017 or 2018.

Operating Cash Flow

Operating cash flow for the quarter ended March 31, 2018 was \$25,610 compared to \$31,846 for the quarter ended March 31, 2017, a decrease of \$6,236.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Three Months Ended March 31, 2018

Liquidity

The financial statements have been prepared on the basis of International Financial Reporting Standards applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business.

As at March 31, 2018, the Partnership had working capital deficiency (excluding the deposit related to the sale of the investment property) of \$74,389 (Q1 2017 - \$104,543) Cash was \$19,778 compared to \$1,417 in Q1 2017. The Partnership has prepaid property tax \$55,528 (Q1 2017 - \$57,128) In the Province of New Brunswick property tax is based on a calendar year and is payable on May 31st of each year. Property tax is collected and held on deposit by First National for the payment of property tax. Payables include disputed amounts as described in the notes to the financial statements.

Other than the above mentioned current liabilities, the Partnership has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Partnership will realize its assets and discharge its liabilities in the normal course of business.

Working capital deficiencies are covered by loans from the partners, as required.

Transactions with Related Parties

The Partnership paid management fees of \$11,263 (Q1 2017 - \$4,650) to companies controlled by directors.

Off Balance Sheet Arrangements

The Partnership has no off-balance sheet arrangements.

Risks and Uncertainties

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

VILLAGE VIEW #1 LIMITED PARTNERSHIP

Management Discussion and Analysis

Three Months Ended March 31, 2018

Management of Capital Risk

The Partnership's objective in managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for partners. Management monitors capital throughout the year. The partnership is exposed to various financial risks through its financial instruments: interest rate risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Fair values

The Partnership's financial instruments consist of cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership and long-term debt.

The fair values of the Partnership's cash, amount due from general partner, trade payables, non-interest bearing demand loan, amount due to limited partner, amount due to Village View No. 2 Limited Partnership are estimated to approximate carrying values due to short-term maturity cycles. The fair value of long-term debt is assumed to approximate its carrying value based on current market rates of similar debt instruments.

Interest rate risk

The Partnership is exposed to the interest rate risk as a result of its long-term debt; however, this is mitigated through the Partner's strategy to have the long-term debt in a fixed-term arrangement.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they come due. The Partnership relies on the financial support of the limited and general partners. The Partnership has a planning and budgeting process in place to help determine the funds required to support the Partnership's normal operating requirements on an ongoing basis and its future plans. The Partnership ensures there are sufficient funds to meet the short-term business requirements, taking into account its anticipated cash flows relating to operations and its holding of cash and cash equivalents.

Litigation

The Partnership and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Accounts payable includes disputed amounts, as disclosed in the notes to the financial statements, from the construction of the investment property for \$56,000.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

VILLAGE VIEW #1 LIMITED PARTNERSHIP
Management Discussion and Analysis
Three Months Ended March 31, 2018

Critical Accounting Estimates and Judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Actual results could differ from estimates.

Investment property

The Partnership's accounting policy relating to investment property is described in Note 3. Periodic amortization is derived after determining an estimate of the asset's useful life and the expected residual value at the end of its' life. Assessing the reasonableness of the estimated useful life requires judgment and is based on currently available information. The useful life of the Partnership's investment property is determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. Further, judgment is applied in determining the extent and frequency of utilizing independent, third party appraisals to measure the fair value of the Partnership's investment property.

Valuation of investment property

The basis of fair value determination of investment properties is set out in Note 5. Significant estimates used in determining the fair value of the Partnership's investment property includes capitalization rates, which is influenced by inflation rates, vacancy rates and expected maintenance costs. A change to any one of these inputs could significantly alter the fair value of the investment property.

Outlook

Demand for high-end rental units continues to be strong. Vacancy rates remain and the Partnership has been able to increase rental rates as tenants turn over generating stronger results at the top line. The Partnership continues to actively manage expenses and reduce operating costs. The Partnership has entered into a non-binding agreement to sell the investment property and equipment for \$4,900,000 plus estimated closing costs of \$261,500 for a total price of \$5,161,500.

Approval

The Partner's have approved the financial statements and the disclosure contained in this MD&A.

Dated: July 12, 2018

Signed "Stephen Brittain"

Stephen Brittain

SCHEDULE "D"

PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER

ViveRE Communities Inc.

(Formerly NSX Silver Inc.)

Pro Forma Statement of Financial Position

March 31, 2018

(Unaudited)

VivRE Communities Inc
(Formerly NSX Silver Inc.)
Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited)

	NSX Silver Inc. March 31, 2018	Note Ref.	Pro Forma Adjustments	Pro Forma Combined
	(\$ CDN)		(\$ CDN)	(\$ CDN)
Assets				
Current assets				
Cash and cash equivalents	489	3 a	(5,121,000)	354,089
		3 b i	3,257,100	
		3 b ii	1,111,000	
		3 b iii	776,500	
		3 b iv	330,000	
Sales tax recoverable	7,911			7,911
Prepaid expenses and deposits	41,438	3 a	(40,000)	1,438
Total current assets	49,838			363,438
Investment property	-	3 a	5,261,000	5,261,000
Total Assets	49,838			5,624,438
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	360,671	3 c	(266,015)	94,656
Amounts due to shareholders	97,676	3 c	(96,000)	1,676
Bridge loans	20,000	3 b iv	330,000	-
		3 c	(170,000)	
		5	(180,000)	
Total current liabilities	478,347			96,332
Mortgage payable	-	3 b i	3,257,100	3,257,100
Convertible debentures	-	3 b ii	461,000	461,000
Total liabilities	478,347			3,814,432
Equity				
Share capital (net of issue costs)	5,931,396	3 a	100,000	7,083,684
		3 b iii	544,500	
		3 c	560,788	
		5	(53,000)	
Warrants		5	180,000	465,000
		5	53,000	
		5	232,000	
Contributed surplus	332,500	3 b ii	650,000	982,500
Deficit	(6,692,405)	3 c	(28,773)	(6,721,178)
Total equity	(428,509)			1,810,006
Total liabilities and equity	49,838			5,624,438

VivRE Communities Inc.
(Formerly NSX Silver Inc.)
Notes to the Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited – expressed in Canadian Dollars)

1. Basis of Presentation

The accompanying unaudited pro forma statement of financial position of VivRE Communities Inc. (formerly NSX Silver Inc. (NSX)) has been prepared by management to reflect the acquisition of the property located at 41 Noel Avenue, Saint John, NB from Village View Suites Inc. after giving affect to the proposed transaction as described in Note 2.

The unaudited pro forma statement of financial position has been prepared in accordance with accounting policies adopted by NSX which are in accordance with International Financial Reporting Standards (“IFRS”) and from information derived from and should be read in conjunction with the unaudited condensed interim financial statements of NSX Silver Inc. (“NSX” or the “Company”) as at March 31, 2018 and for the three months then ended and the audited financial statements of NSX Silver Inc. as at December 31, 2017 and for the year then ended.

The unaudited pro forma statement of financial position is based on estimates and assumptions set forth in the notes to the pro forma statement of financial position. The pro forma information is being furnished solely for information purposes and is not necessarily indicative of NSX’s financial position that might have been reported to the date indicated, nor is it indicative of the financial position of NSX on completion of the Qualifying Transaction.

2. The Transaction

Pursuant to the terms of an asset purchase agreement dated August 17, 2017 as amended by the Omnibus Amending Agreement dated May 16, 2018, NSX will acquire the multi-unit residential property located at 41 Noel Avenue in Saint John, New Brunswick for an aggregate purchase price of \$5,161,500. The transaction is subject to the approval of the TSX Venture Exchange and is intended to constitute NSX’s Qualifying Transaction, following which NSX will become a Tier 2 Issuer on the TSX Venture Exchange.

The total purchase price for the acquisition of the property is \$5,261,000 including transaction costs. The acquisition will be financed in part by a \$3,300,000 mortgage, \$100,000 vendor take-back financing, debenture financings in the amount of \$1,300,000, a non-refundable deposit in the amount of \$25,000, refundable deposits amounting to \$46,500 and a portion of the proceeds from a concurrent private placement financing of up to \$1,200,000 that will also be used to provide initial working capital to NSX.

VivRE Communities Inc
(Formerly NSX Silver Inc.)
Notes to the Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited – expressed in Canadian Dollars)

3. Pro Forma Assumptions and Adjustments

The unaudited pro forma statement of financial position gives effect to the following assumptions and adjustments:

- a) Acquisition of the multi unit residential property located at 41 Noel Avenue in Saint John, New Brunswick for an aggregate purchase price of \$5,261,000 including transaction costs estimated to be \$99,500.

The purchase price will be settled by the application of \$71,500 (of which \$40,000 was paid at March 31, 2018 and \$31,500 was paid in May 2018) in deposits, \$100,000 equity interest consisting of 666,667 units of NSX at a fair value issue price of \$0.15 and \$5,089,500 in cash. Each unit of NSX consists of 1 common share and one-half warrant. Each full warrant shall entitle the holder to acquire one common share for the period of 24 months from issuance at a price of \$0.25 per common share.

- b) The transaction will be funded as follows:
- i) a first mortgage financing in the amount of \$3,300,000. Costs incurred in connection with the mortgage financing are estimated to be \$42,900
- ii) debenture financing in the amount of \$1,300,000 comprises of the issuance of 800 Series A Convertible Debentures for gross proceeds of \$800,000 and 500 Series B Convertible Debentures for gross proceeds of \$500,000

The Convertible Debentures will have a 24 month term and bear interest at 12% per annum. The interest is payable quarterly and shall consist of 50% cash and 50% common shares.

The Convertible Debentures may be repaid by NSX at any time, the holders of the Convertible Debentures may, prior to the maturity date, convert their debentures into Debenture Units of NSX at a price of \$0.15 per common share. Each Debenture Unit is comprised of one common share of NSX and one Debenture Warrant. Each Debenture Warrant shall entitle the holder to acquire one common share of NSX for a period of 24 months from the closing date at a price of \$0.175 per common share.

The fair value of the convertible debentures were calculated using partial differential equation methods taking into account the added value of the warrants issued as part of the convertible unit. The assumptions used in the valuation model include:

Share price	\$0.12
Expected volatility	107%
Risk free interest rate	2.04%
Credit spread	60%
All-in rate	62.04%

VivRE Communities Inc
(Formerly NSX Silver Inc.)
Notes to the Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited – expressed in Canadian Dollars)

Estimated costs to be incurred with the debenture financing total \$189,000 and are comprised of advisory fees of \$130,000 (of which \$30,000 will be settled in shares see Note 3c)); agents commission of \$35,000; commitment fees of \$16,000 and legal expenses of \$8,000. These costs have been allocated pro-rata between the equity and debt components of the debenture financing, \$110,000 to equity and \$79,000 to debt.

The debt component of the convertible debentures is estimated to be \$540,000 with estimated costs to be incurred of \$79,000. The debt component will be measured at amortized cost and will be accreted to maturity over the term using the effective interest method.

The equity component of the convertible debenture is estimated to be \$760,000 with estimated costs to be incurred of \$110,000.

- iii) NSX intends to complete a brokered private placement for a maximum 8,000,000 and a minimum of 6,333,333 subscription receipts at a price of \$0.15 per subscription receipt for maximum aggregate proceeds of \$1,200,000 and minimum aggregate proceeds of \$950,000. This pro forma statement assumes the minimum aggregate proceeds from the brokered private placement. Estimated costs to be incurred with the brokered private placement amount to \$173,500 and are comprised of agents commission of \$73,500; agents work fee of \$28,000; legal fees of \$48,000; exchange fees of \$13,000; and audit fees of \$11,000.

The subscription receipts are exercised for units with each unit consisting of one common share and one-half warrant. Each full warrant shall entitle the holder to acquire one common share for the period of 24 months from issuance at a price of \$0.25 per common share.

- iv) subsequent to March 31, 2018 the company received loan proceeds of \$330,000. Of this amount, the lenders of \$300,000 received 2,499,998 loan bonus warrants, exercisable for 12 months at a price of \$0.12 per share.
- c) Concurrent with the transaction the company will settle accounts payable of \$295,057 (of this amount \$188,515 relates to accounts payable incurred subsequent to March 31, 2018), amounts due to the shareholders of \$96,000 and bridge loans in the net amount of \$170,000 (loans of \$350,000 net of \$180,000 ascribed to fair value of bonus warrants, see Note 5) through the issuance of 6,175,475 common shares at a price of \$0.12 per share. In addition, \$159,742 of accounts payable will be forgiven by creditors.
- d) The acquisition has been accounted for as an asset acquisition. Costs directly attributable to the acquisition of the property have been capitalized to the investment property.

VivRE Communities Inc
(Formerly NSX Silver Inc.)
Notes to the Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited – expressed in Canadian Dollars)

- e) The agents, Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc., will receive a cash commission equal to 7% of the aggregate proceeds of the brokered private placement, the Series B convertible debentures and the vendor take back financing. The estimated amount of these commissions has been included in the financing costs with \$73,500 allocated to common shares and \$35,000 allocated to convertible debentures.

The agents will also receive a minimum of 630,000 and a maximum of 746,666 broker units consisting of one common share and one-half broker underlying warrant. Each broker warrant entitles the holder to acquire one broker unit of NSX at a price of \$0.15 per broker unit.

4. Pro Forma Share Capital

	Note Ref.	Number	Amount
Common shares issued and outstanding at March 31, 2018 (net of issue costs)		10,092,947	\$5,931,396
Common shares issued pursuant to vendor take back	3 a)	666,667	\$100,000
Common shares issued pursuant to private placement (net of issue costs of \$173,500 and broker warrants of \$232,000)	3 b iii)	6,333,333	\$554,500
Common shares issued in connection with shares for debt	3 c)	6,175,475	\$560,788
Share issue costs (broker warrants)	3 e)		(53,000)
		23,268,422	\$7,083,684

5. Pro Forma Warrants

	Note Ref.	Number	Amount
Private placement and vendor take back	3 a) 3 b iii)	3,499,999	\$ 232,000
Bridge loans, bonus warrants	3 b iv)	2,499,998	\$180,000
Broker warrants	3 e)	630,000	\$53,000
		6,629,997	\$465,000

VivRE Communities Inc
(Formerly NSX Silver Inc.)
Notes to the Pro Forma Statement of Financial Position
As at March 31, 2018
(Unaudited – expressed in Canadian Dollars)

The fair value of the warrants issued in connection with the private placement and vendor take back, bonus warrants issued in connection with the bridge loans and the broker warrants have been estimated using the Black-Scholes option pricing model using the following assumptions:

	Private placement Vendor take back Warrants	Bonus Warrants	Broker Warrants
Risk free interest rate	2.04%	2.04%	2.04%
Expected volatility	107%	107%	107%
Expected life	2 years	1 year	2 years
Exercise price	\$0.25	\$0.12	\$0.15
Share price at grant date	\$0.15	\$0.15	\$0.15

6. Income taxes

It is expected that the effective income tax rate of the Company following closing of the Qualifying Transaction will be the Canadian statutory rate of approximately 31%.