

ViveRE Communities Inc.
(Formerly NSX Silver Inc.)

Unaudited Interim Condensed Consolidated
Financial Statements
(expressed in Canadian dollars)

September 30, 2019

November 21, 2019

Management's Report

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

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

(signed) "*Michael Anaka*"
Chief Executive Officer
Halifax, Nova Scotia

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

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2019 and December 31, 2018

(expressed in Canadian dollars)

	September 30, 2019 \$	December 31, 2018 \$
Assets		
Current assets		
Cash	1,462,312	104,659
Amounts receivable	11,346	7,911
Deposits and prepaids (note 4)	446,288	43,750
	<u>1,919,946</u>	<u>156,320</u>
Deferred transaction costs (note 5)	71,115	–
Investment properties (note 6)	12,765,110	5,228,432
	<u>14,756,171</u>	<u>5,384,752</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	455,066	390,308
Current portion of mortgage payable (note 9)	239,186	58,072
	<u>694,252</u>	<u>448,380</u>
Convertible debentures (note 8)	1,186,905	486,476
Mortgages payable (note 9)	8,222,751	3,194,510
	<u>10,103,908</u>	<u>4,129,366</u>
Equity (note 10)	<u>4,652,263</u>	<u>1,255,386</u>
	<u>14,756,171</u>	<u>5,384,752</u>

Nature of operations and going concern (note 1)

Subsequent events (note 13)

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

Approved by the Board of Directors

(signed) “Richard Turner”, Director

(signed) “David Pappin”, Director

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the period ended September 30, 2018

(expressed in Canadian dollars)

	Number of shares	Share capital \$	Warrants \$	Convertible debentures \$	Contributed surplus \$	Deficit \$	Total \$
Balance – December 31, 2017	10,092,947	5,931,396	–	–	332,500	(6,611,746)	(347,850)
Net loss and comprehensive loss for the period	–	–	–	–	–	(640,403)	(640,403)
Bonus warrants issued	–	–	180,000	–	–	–	180,000
Shares issued in settlement of debt obligations	6,175,475	731,221	–	–	–	–	731,221
Shares issued for cash, net of issue costs	7,170,067	890,212	–	–	–	–	890,212
Shares issued pursuant to acquisition of investment property	666,667	100,000	–	–	–	–	100,000
Warrants issued pursuant to financing	–	(261,000)	261,000	–	–	–	–
Convertible debentures issued	–	–	–	591,742	–	–	591,742
Broker warrants issued pursuant to financing	–	(30,000)	60,000	(17,550)	–	–	12,450
Advisor's warrants issued	–	–	25,000	(14,625)	–	–	10,375
Balance – September 30, 2018	24,105,156	7,361,829	526,000	559,567	332,500	(7,252,149)	1,527,747

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

NSX Silver Inc.**Unaudited Interim Condensed Consolidated Statements of Changes in Equity****For the period ended September 30, 2019**

(expressed in Canadian dollars)

	Number of shares	Share capital \$	Warrants \$	Convertible debentures \$	Contributed surplus \$	Deficit \$	Total \$
Balance – December 31, 2018	24,211,250	7,377,001	526,000	323,567	332,500	(7,303,682)	1,255,386
Net loss and comprehensive loss for the period	–	–	–	–	–	(1,092,514)	(1,092,514)
Shares issued for cash, net of issue costs	17,408,646	2,976,004	–	–	–	–	2,976,004
Broker warrants issued pursuant to financing	–	(90,000)	90,000	–	–	–	–
Shares issued for cash, exercise of warrants	2,499,998	480,000	(180,000)	–	–	–	300,000
Shares issued in settlement of accounts payable, net of issue costs	2,785,117	459,048	–	–	–	–	459,048
Shares issued pursuant to acquisition of Village View No. 2 Limited Partnership	1,000,000	200,000	–	–	–	–	200,000
Shares issued in settlement of interest payable on convertible debentures net of issue costs	408,185	51,439	–	–	–	–	51,439
Stock-based compensation	–	–	–	–	20,000	–	20,000
Convertible debentures issued, net of issue costs	–	–	–	294,300	–	–	294,300
Warrants issued pursuant to financing, net of issue costs	–	–	188,600	–	–	–	188,600
Balance – September 30, 2019	48,313,196	11,453,492	624,600	617,867	352,500	(8,396,196)	4,652,263

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

ViveRE Communities Inc. (formerly NSX Silver Inc.)**Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the periods ended September 30, 2019 and 2018**

(expressed in Canadian dollars)

	Three months ended September 30, 2019 \$	Three months ended September 30, 2018 \$	Nine months ended September 30, 2019 \$	Nine months ended September 30, 2018 \$
Revenue				
Rental income	288,095	46,442	666,142	46,442
Property operating expenses				
Operating expenses	121,065	14,229	269,478	14,229
Net property operating income	167,030	32,213	396,664	32,213
Administrative expenses				
Consulting fees	204,498	140,424	567,059	323,211
Filing and other fees	21,982	17,700	52,252	21,747
Insurance	12,163	2,663	20,867	6,641
Office and other	2,620	3,217	8,825	6,297
Professional fees	(19,052)	112,139	18,291	181,394
Stock-based compensation	–	–	20,000	–
Travel	10,304	5,583	15,459	12,611
	232,515	281,726	702,753	551,901
Finance costs				
Interest expense	105,624	31,174	284,325	31,174
Amortization expense (notes 8 and 9)	19,816	8,712	52,695	8,712
Accretion expense (note 8)	86,140	39,562	225,702	39,562
	211,580	79,448	562,722	79,448
Depreciation expense (note 6)	97,916	20,739	223,703	20,739
Other expense (income)				
Loss on settlement of Bridge Loans	–	180,000	–	180,000
Gain on settlement of accounts payable	–	(159,472)	–	(159,472)
	–	20,528	–	20,528
Net loss and comprehensive loss for the periods	(374,981)	(370,228)	(1,092,514)	(640,403)
Loss per share - basic and diluted	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.05)
Weighted average outstanding common shares – basic and diluted	44,670,392	15,880,599	36,668,687	12,043,364

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

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the years	(1,092,514)	(640,403)
Charges to income not affecting cash		
Interest on convertible debentures and mortgage payable	106,518	31,174
Stock-based compensation expense	20,000	–
Depreciation expense	223,703	20,739
Amortization expense	52,695	8,712
Accretion expense	225,702	39,562
Loss on settlement of Bridge Loans	–	180,000
Gain on settlement of accounts payable	–	(159,472)
	<u>(463,896)</u>	<u>(519,688)</u>
Net changes in non-cash working capital balances related to operations		
Increase in amounts receivable	(3,435)	(342)
Increase in deposits and prepaid expenses	(167,534)	(19,484)
Increase in accounts payable and accrued liabilities	374,586	394,659
	<u>(260,279)</u>	<u>(144,855)</u>
Financing activities		
Proceeds from exercise of warrants	300,000	–
Proceeds from issuance of units, net of issue costs	1,400,000	–
Proceeds from issuance of common shares, net of issue costs	2,508,904	890,212
Proceeds from issuance of Convertible Debentures, net of issue costs	–	1,012,378
Proceeds from Bridge Loans	–	350,000
Advances from shareholders	–	38,000
Proceeds from mortgage financing, net of deferred finance costs	–	3,262,255
Repayments of mortgage principal	(116,718)	–
	<u>4,092,186</u>	<u>5,552,845</u>
Investing activities		
Acquisition of 40 Noel Avenue	–	(5,178,381)
Acquisition of Village View No. 2 Limited Partnership	(2,474,254)	–
	<u>(2,474,254)</u>	<u>(5,178,381)</u>
Net change in cash for the periods	1,357,653	229,609
Cash (bank indebtedness) – Beginning of periods	104,659	(2,450)
Cash – End of periods	<u>1,462,312</u>	<u>227,159</u>
Cash is comprised of		
Cash on deposit with banks	30,312	195,159
Cash held in trust (note 8)	1,432,000	32,000
	<u>1,462,312</u>	<u>227,159</u>

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

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

1 Nature of operations and going concern

Nature of operations

ViveRE Communities Inc. (formerly NSX Silver Inc.) (the "Company") was incorporated under the Canada Business Corporations Act on August 9, 2011 and the common shares of the Company commenced trading on the TSX Venture Exchange ("TSXV" or the "Exchange") on March 14, 2012, as a mining issuer.

On August 23, 2018 the Company completed a change of business transaction whereby it acquired 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. Concurrently, the Company changed its name to ViveRE Communities Inc.

On April 10, 2019 the Company acquired Village View No. 2 Limited Partnership ("Village View"), whose sole asset is a multi-family rental property located at 50 Noel Avenue, Saint John, New Brunswick totalling 42 units.

The Company's business is the ownership and management of multi-unit residential real estate.

Going concern

These unaudited interim condensed consolidated financial statements 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 incurred losses and negative cash flows from operations since completing the change of business transaction.

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. Subsequent to September 30, 2019, the Company raised additional equity and closed the acquisition of its third and fourth investment properties ("Ryan Street Properties") (note 13). Management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital to fund additional acquisitions of investment properties.

These unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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.

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

2 Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance 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 interim condensed consolidated financial statements should be read in conjunction with the Company’s annual audited financial statements for the year ended December 31, 2018.

These interim condensed consolidated 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 consolidated financial statements for issue on November 21, 2019.

Basis of measurement

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

Use of estimates and judgments

The preparation of the unaudited interim condensed 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, 2018. Refer to note 3 Significant Accounting Policies, of the Company’s annual consolidated financial statements for the year ended December 31, 2018 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Deposits and prepaids

	September 30, 2019	December 31, 2018
	\$	\$
Deposits relating to buildings under agreement	100,000	20,000
Prepaid property taxes	86,834	21,025
Prepaid mortgage insurance	230,004	–
Prepaid insurance	22,244	–
Other	7,206	2,725
	<hr/>	<hr/>
	446,288	43,750
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ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

5 Deferred transaction costs

The deferred transaction costs were incurred with the acquisition of two 23-unit, multifamily rental properties located at 542 and 550 Ryan St., Moncton, N.B. which occurred subsequent to September 30, 2019 (note 13).

6 Investment properties

On August 23, 2018, the Company's wholly-owned subsidiary, 10664316 Canada Inc., completed the acquisition of 41 Noel Avenue. The acquired property consists of a 31-unit multi-family apartment building constructed in 2014. The acquisition cost was comprised of the purchase price of \$5,161,500 plus standard closing costs and adjustments aggregating \$116,881.

In accounting for the transaction, 41 Noel Avenue was not considered a business for accounting purposes, and therefore, the transaction was considered to be an asset purchase. The Agreement of Purchase and Sale was for the property only. No personnel or processes were acquired and given the Company changed from a resource company to a real estate entity, processes in support of the real estate business are being created rather than integrated. Furthermore, the acquired investment property does not have any processes to support the revenue being generated as there is a contract in place with an external party to provide property management services.

The acquisition cost of 41 Noel Avenue was allocated to the fair value of the assets acquired as follows.

	\$
Land	480,517
Building	4,752,314
Furniture and equipment	<u>45,550</u>
Investment property acquisition cost recorded	<u>5,278,381</u>

The acquisition of 41 Noel Avenue was financed as follows.

	\$
Mortgage financing, net of costs	3,262,255
Cash	1,916,126
Shares issued to vendors	<u>100,000</u>
	<u>5,278,381</u>

The Company has recorded the investment property on an amortized cost basis.

	Land	Building	Furniture and equipment	Total
	\$	\$	\$	\$
Acquisition cost	480,517	4,752,314	45,550	5,278,381
Less: accumulated depreciation	—	146,415	9,590	156,005
Net book value at September 30, 2019	<u>480,517</u>	<u>4,605,899</u>	<u>35,960</u>	<u>5,122,376</u>

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

6 Investment properties (continued)

On April 11, 2019, the Company completed the acquisition of Village View No. 2 Limited Partnership ("Village View"). The purchase price for Village View was \$7,900,000, subject to customary adjustments, which was paid with the assumption of the \$5,339,048 existing 2.55% APR (annual percentage rate) property mortgage, maturing September 2026 with respect to the Noel Property and the issuance of 1,000,000 common shares of the Company to the vendors at a price of \$0.20 per common share and the balance in cash. The acquisition of the Noel Property in accordance with the acquisition agreement is referred to herein as the "Acquisition".

The Acquisition was structured as a purchase of all the general partner interests of Village View held by SBL Holdings Inc., a corporation incorporated under the law of the Province of New Brunswick, and all of the limited partnership interests of Village View held by 621946 N.B. Inc., a corporation incorporated under the law of the Province of New Brunswick, Anron Inc., a corporation incorporated under the law of the Province of New Brunswick, and Residential Investors and Developers Ltd., a corporation incorporated under the law of the Province of New Brunswick. The Acquisition is an arm's length transaction.

The following table summarizes the acquisition cost for the assets and liabilities of Village View.

	\$
Mortgage financing, net of unamortized costs	5,323,175
Prepaid mortgage insurance	(235,004)
Working capital acquired	(2,045)
Common shares issued to vendors	200,000
Cash paid to vendors, acquisition costs and adjustments	<u>2,474,254</u>
Investment property acquisition cost recorded	<u>7,760,381</u>

The Company has recorded the investment property on an amortized cost basis.

	Land	Building	Furniture and equipment	Total
	\$	\$	\$	\$
Acquisition cost	130,000	7,541,985	88,396	7,760,381
Less: accumulated depreciation	—	105,456	12,191	117,647
Net book value at September 30, 2019	<u>130,000</u>	<u>7,436,529</u>	<u>76,205</u>	<u>7,642,734</u>

Consolidated investment properties at September 30, 2019 and December 31, 2018 are summarized below.

	September 30, 2019	December 31, 2018
	\$	\$
Balance, beginning of period	5,228,432	—
Cost of acquisition	7,760,381	5,278,381
Depreciation	<u>(223,703)</u>	<u>(49,949)</u>
Balance end of period	<u>12,765,110</u>	<u>5,228,432</u>

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

7 Accounts payable and accrued liabilities

	September 30, 2019 \$	December 31, 2018 \$
Accounts payable	68,064	273,298
Accrued liabilities	387,002	117,010
	<u>455,066</u>	<u>390,308</u>

As at September 30, 2019, \$55,730 (December 31, 2018, \$113,144) of accounts payable and accrued liabilities is due to corporations owned by officers and directors of the Company and is related to consulting fees (note 11).

8 Convertible debentures

On August 22, 2018, the Company completed the private placement of 800 Series A (\$800,000) and 500 Series B (\$500,000) convertible debentures (the “Debentures”) for aggregate gross proceeds of \$1,300,000. The Debentures are secured against certain assets of the Company and its subsidiary, are for a 2-year term and bear interest at a rate of 12%, payable on a quarterly basis, half in common shares and half in cash. The Debentures are convertible into units of the Company at a price of \$0.15 per unit, such units consisting of one common share in the capital of the Company and one common share purchase warrant, each such warrant entitling the holder to acquire one common share for a period of 24 months from the date of issuance of the warrant at a price of \$0.175 per Common Share.

For accounting purposes, the Debentures are separated into their liability and equity components. The fair value of the equity portion of the convertible debentures of \$760,000 was 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% and all-in rate 62.04%. The fair value allocated to the equity component of the Debentures is offset by deferred taxes of \$236,000.

The fair value of the liability component of the Debentures was determined at time of issue as the difference between the face value of the Debentures and the fair value of the equity component.

Financing costs of \$342,622, including \$60,000 of the gross proceeds that were allocated to 681,572 broker warrants and \$25,000 that was allocated to advisors’ warrants, were incurred and have been recorded pro rata against the equity (\$200,433) and liability (\$142,189) components. The liability component is measured at amortized cost and will be accreted to the \$1,300,000 maturity amount over the term using the effective interest method. Amortization of transaction costs of \$42,227 was recorded for the nine month period ended September 30, 2019.

Interest expense of \$117,690 and accretion expense of \$225,702 have been recorded for the nine month period ended September 30, 2019.

The Company has placed \$32,000 in trust as security for future interest payments on the Series A Debentures.

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

8 Convertible debentures (continued)

On September 30, 2019, the Company completed the private placement of \$737,500 convertible debentures (“Debentures”) as part of a non-brokered Units Offering (note 10 a). For accounting purposes, Debentures aggregating \$700,000 were issued at September 30, 2019 with the balance of \$37,500 collected from registered subscriber accounts subsequent to September 30, 2019. The Debentures are unsecured, have a 2-year term and bear interest at a rate of 7%, payable annually. The debentures are convertible into common shares of the Company at the option of the holder, in full or in part, at a price of \$0.25 per common share. The Company has the option to redeem the Debentures in full with the issuance of common shares at a price of \$0.25 per common share. Also, the Company has the option to force the conversion of all of the principle of the Debentures in the event of a change of control event.

For accounting purposes, the Debentures are separated into their liability and equity components. The fair value of the equity portion of the convertible debentures of \$298,000 was calculated using the Black-Scholes option pricing model taking into account the added value of the warrants issued as part of the Units Offering. The assumptions used in the valuation model include; share price \$0.19, expected volatility 150%, risk free interest rate 2.25% and a dividend yield of 0%. The fair value allocated to the equity component of the Debentures is offset by issuance costs of \$3,700.

The fair value of the liability component of the Debentures was determined at time of issue as the pro rata difference between the face value of the Debentures and the fair value of the equity component, taking into account the added value of the warrants issued as part of the Units Offering. The liability component is measured at amortized cost and will be accreted to the \$700,000 maturity amount over the term using the effective interest method.

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

9 Mortgages payable

On August 23, 2018, the Company's wholly owned subsidiary, 10664316 Canada Inc., entered into a mortgage financing with CIBC Mortgages Inc. for gross proceeds of \$3,300,000 to fund in part the acquisition of 41 Noel Avenue. The mortgage has an interest rate of 4.097%, a term of 3 years and an amortization period of 30 years. The monthly blended principal and interest payments are \$15,874. The mortgage is secured by a first charge over 41 Noel Avenue.

On April 11, 2019, the Company acquired all of the general partner and limited partner units of Village View #2 Limited Partnership., and assumed the financing with First National Financial LP. of \$5,339,048 The mortgage has an interest rate of 2.55 %, a remaining term of 7.4 years and an amortization period of 23 years. The monthly blended principal and interest payments are \$25,901. The mortgage is secured by a first charge over 50 Noel Avenue.

	September 30, 2019 \$	December 31, 2018 \$
Mortgage payable bears a fixed interest rate of 4.097% maturing August 23, 2021. The loan is being amortized over 30 years and is payable in monthly payments of \$15,874, principal and interest.	3,261,334	3,285,846
Mortgage payable bears a fixed interest rate of 2.55% maturing September 1, 2026. The loan is being amortized over 25 years and is payable in monthly payments of \$25,901, principal and interest.	5,265,662	-
	8,526,996	3,285,846
Less: deferred financing costs net of accumulated amortization of \$14,949 (December 31, 2018 - \$4,481)	(65,059)	(33,264)
Less: current portion	(239,186)	(58,072)
	<u>8,222,751</u>	<u>3,194,510</u>

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

10 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, 2017	10,092,947	5,931,396
Shares issued for cash, net of share issue costs	7,170,067	629,212
Shares issued pursuant to acquisition of 41 Noel Avenue	666,667	100,000
Broker Warrants issued pursuant to financings	–	(30,000)
Shares issued in settlement of debt obligations	6,175,475	731,221
Balance – September 30, 2018	<u>24,105,156</u>	<u>7,361,829</u>
Balance – December 31, 2018	24,211,250	7,377,001
Shares issued for cash, net of issue costs	17,408,646	2,976,004
Broker warrants issued pursuant to financing	–	(90,000)
Shares issued for cash, exercise of warrants	2,499,998	480,000
Shares issued pursuant to acquisition of Village View	1,000,000	200,000
Shares issued in settlement of debt obligations, net of issue costs	2,785,117	459,048
Shares issued in exchange for interest on debenture, net of issue costs	408,185	51,439
Balance – September 30, 2019	<u>48,313,196</u>	<u>11,453,492</u>

On September 10, 2018, the Exchange issued final approval for the Change of Business Transaction and concurrent financings, and pursuant to Exchange regulations a total of 2,360,165 common shares were subject to a Tier 1 value escrow agreement and a total of 5,366,457 common shares, 2,883,332 warrants and \$775,000 of convertible debentures were subject to a Tier 2 value escrow agreement. On the date of Exchange approval, 25% of the Tier 1 securities and 10% of the Tier 2 securities were released. The remaining Tier 1 and Tier 2 escrowed securities are released every nine months at the rate of 25% and 10% respectively. At September 30, 2019, 596,075 common shares were subject to the Tier 1 value escrow agreement and 3,219,875 common shares, 1,729,999 warrants and \$465,000 of convertible debentures were subject to the Tier 2 value escrow agreement.

ViveRE Communities Inc. (formerly NSX Silver Inc.)

Notes to Unaudited Interim Condensed Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(expressed in Canadian dollars)

10 Share capital (continued)

a) Authorized capital stock (continued)

On April 9, 2019 the Company completed a short form prospectus offering of 14,226,834 common shares at a price of \$0.20 per Common Share for aggregate gross proceeds of \$2,845,367. The Offering was completed by Echelon Wealth Partners Inc. and Industrial Alliance Securities Inc. (collectively the "Agents"). A portion of the gross proceeds of the Offering was used to finance the acquisition of Village View (note 5). The Company paid the Agents a cash commission of \$97,196 and issued to the Agents 485,980 non-transferable share purchase warrants (each, an "Agent Warrant"), with each Agent Warrant exercisable into one common share of the Company at an exercise price equal to \$0.20 for a period of 24 months from the date hereof. The capital stock value of the 14,226,834 shares issued is net of the warrants valuation of \$90,000 and share issue costs of \$336,463.

On September 30, 2019 the Company closed a non-brokered private placement offering (the "Offering") of Tier 1 and Tier 2 Units ("Units"). A total of nineteen Tier 1 units were sold at a price of \$25,000 per Tier 1 unit and four Tier 2 units at a price of \$250,000 per Tier 2 unit for aggregate gross proceeds of \$1,475,000. Each Tier 1 Unit is comprised of 56,818 common shares of ViveRE and a \$12,500 convertible debenture. The debenture is convertible to common shares of ViveRE at a price of \$0.25 per share. Each Tier 2 Unit is comprised of 568,181 common shares of ViveRE and a \$125,000 convertible debenture. Each Tier 2 unit also includes 500,000 common share purchase warrants, exercisable at a price of \$0.25 per share for a period of two years after the closing date. Subscription proceeds aggregating \$1,400,000 were received at September 30, 2019 with the balance of \$75,000 collected from registered subscriber accounts subsequent to September 30, 2019. Accordingly, a total of 3,181,812 common shares were recorded as being issued for accounting purposes at September 30, 2019 with the balance of 170,454 common shares held in trust at September 30, 2019. The 170,454 shares were released from trust subsequent to September 30, 2019 upon receipt of subscription proceeds from registered subscriber accounts. The capital stock value of the 3,181,812 shares issued is net of the warrants valuation of \$191,000, Debentures valuation of 736,000 and share issue costs of \$5,900.

b) Options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. 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 TSXV 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.

In determining the stock-based compensation expense, the fair value of options issued is estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

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10 Share capital (continued)

b) Options (continued)

The weighted average assumptions used in the pricing model for options issued during the period ended September 30, 2019, are as follows:

Risk-free interest rate	2.25%
Expected volatility	150%
Expected dividend yield	\$nil
Expected life	10 years

The following table summarizes the changes in the Company's stock options for the periods ended September 30, 2019 and 2018:

	Weighted average exercise price \$	Number of options	Weighted average remaining life (years)	Expiry date
Balance – September 30, 2018 and December 31, 2018		–		
Granted during the period	0.12	<u>200,000</u>	9.3	January 21, 2029
Balance – September 30, 2019	0.12	<u>200,000</u>	9.3	

As at September 30, 2019, 4,631,319 options remained available for future grants under the Plan. Options vested and exercisable at September 30, 2019 totaled 200,000 with an average exercise price of \$0.12 per share. The weighted average grant-date fair value per option was \$0.10 for the stock options granted during the period. The Company charged \$20,000 in non-cash share-based compensation expense to operations for the nine month period ended September 30, 2019 (September 30, 2018 – nil).

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10 Share capital (continued)

c) Warrants

The following table summarizes the changes in the Company's warrants for the periods ended September 30, 2019 and 2018:

	Expiry date	Exercise price \$	Number	Ascribed value \$
Balance – December 31, 2017			–	–
Warrants issued pursuant to Bridge Loans	May 30, 2019	0.12	2,499,998	180,000
Balance – September 30, 2018			2,499,998	180,000
Warrants issued pursuant to private placement financing	August 23, 2020	0.25	3,585,030	239,000
Warrants issued pursuant to vendor take-back financing	August 23, 2020	0.25	333,333	22,000
Broker Warrants issued pursuant to private placement financing	August 23, 2020	0.15	681,572	60,000
Advisor's warrants issued in connection with the Transaction	August 23, 2020	0.15	300,000	25,000
Balance – December 31, 2018			7,399,933	526,000
Warrants exercised during period		0.12	(2,499,998)	(180,000)
Broker warrants issued pursuant to financing		0.20	485,980	90,000
Warrants issued pursuant to Units Offering		0.25	2,000,000	188,600
Balance – September 30, 2019			7,385,915	624,600

The fair value of the Warrants issued on May 30, 2018 in connection with Bridge Loans aggregating \$300,000 has been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.15, risk-free rate 2.04%, expected volatility 107%, expected dividend yield \$nil and expected life 1 year.

The fair value of the warrants issued pursuant to the private placement financing and the vendor take-back financing, along with the Broker Warrants issued pursuant to the private placement financing and the advisor's warrants issued pursuant to convertible debenture financing, have been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.15, risk-free rate 2.04%, expected volatility 107%, expected dividend yield \$nil and expected life 2 years.

The fair value of the broker warrants issued pursuant to the April 9, 2019 financing has been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.245, risk-free rate 2.25%, expected volatility 150%, expected dividend yield \$nil and expected life 2 years.

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10 Share capital (continued)

c) Warrants (continued)

The fair value of the warrants issued pursuant to the September 30, 2019 Units Offering has been estimated at the issue date using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; share price \$0.19, risk-free rate 2.25%, expected volatility 157%, expected dividend yield \$nil and expected life 2 years.

d) Contributed surplus

Balance – September 30, 2018 and December 31, 2018	\$ 332,500
Stock-based compensation	<u>20,000</u>
Balance – September 30, 2019	<u>352,500</u>

e) Shares for debt and debenture interest

During the nine month period ended September 30, 2019, the Company issued 1,193,037 common shares at a deemed price of \$0.12 per share to settle outstanding indebtedness owed to non-arm's length parties for consulting fees aggregating \$143,165, 708,750 common shares at a price of \$0.20 to settle outstanding indebtedness aggregating \$141,750 of which \$135,000 was owed to a non-arm's length party. Disinterested shareholder approval for the issuance of the shares to the non- arm's length parties was obtained at the annual and special meeting of shareholders of the Company held on May 31, 2019. The capital stock value of the common shares is net of issue costs of \$4,600.

During the nine month period September 30, 2019, the Company issued 280,524 common shares to settle \$38,679 of convertible debenture interest payable. An additional 127,661 common shares were issuable at September 30, 2019 to settle \$19,660 of convertible debenture interest payable relating to the three month period ended July 31, 2019. These common shares were not issued as at September 30, 2019, however, for accounting purposes the shares are recorded as being outstanding at September 30, 2019, as the significant conditions for issuance have been satisfied.

The capital stock value of the common shares is net of issue costs of \$2,300.

These are non-cash transactions and accordingly have been excluded from the statement of cash flows.

f) Shares for services

During January 2019, the Company announced that it intends to issue common shares of the Company to a number of officers, directors and consultants (collectively the "Consultants") for ongoing services pursuant to advisory and consulting agreements up to an amount of \$110,000 every three months in accordance with the provisions of Exchange Policy 4.3, article 5 – Shares for Services. Each of the consultants are non-arm's length to the Company. The common shares for ongoing services will only be issued after the services are performed by the Consultants. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the services are provided by the Consultants. Disinterested shareholder approval was obtained at the annual and special meeting of shareholders of the Company held on May 31, 2019. The first three month period ended on February 28, 2019 for which an

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10 Share capital (continued)

f) Shares for services (continued)

aggregate 550,000 common shares were issued at a deemed price of \$0.20 per share. The second three month period ended May 31, 2019 for which an aggregate 550,000 common shares are issuable at a deemed price of \$0.20 per share. The third period was shortened to the two months ended July 31, 2019 for which an aggregate of 333,331 common shares are issuable at a price of \$0.22 to settle outstanding indebtedness aggregating \$73,333 which was owed to non-arm's length parties. These common shares were not issued as at September 30, 2019, however, for accounting purposes the shares are recorded as being outstanding at September 30, 2019, as the significant conditions for issuance have been satisfied.

These are non-cash transactions and accordingly have been excluded from the statement of cash flows.

11 Related party transactions

a) Compensation of directors and officers

	Nine months ended September 30, 2019 \$	Nine months ended September 30, 2018 \$
CEO – consulting fees	195,500	13,033
Executive VP – consulting fees	60,375	66,125
CFO – consulting fees	40,300	42,262
Secretary – consulting fees	40,730	–
	<u>336,905</u>	<u>121,420</u>

The Company has agreements with two of its officers whereby it has the option to pay consulting fees aggregating \$72,500 per quarter with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. The first three month period ended on February 28, 2019, for which an aggregate 362,500 common shares were issued at a deemed price of \$0.20 per share. The second three month period ended on May 31, 2019, for which an aggregate 362,500 common shares were issued at a deemed price of \$0.20 per share. The third period was shortened to the two month period ended July 31, 2019, for which an aggregate of 219,696 common shares were issuable at a deemed price of \$0.22 per share to pay consulting fees aggregating \$48,333 (note 10f).

b) Advisory services

Advisory services were provided during the nine month period ended September 30, 2019 by a non-executive director and a corporation owned by two non-executive directors of the Company. The cost of these advisory services during the period was \$126,808 (September 30, 2018 – 13,732).

The Company has agreements with the providers of the advisory services whereby it has the option to pay advisory fees aggregating \$37,500 per quarter with the issuance of common shares. The deemed price of the common shares to be issued will be determined at the end of each three month period at market price after the consulting services are provided. The first three month period ended on February 28, 2019, for which an

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11 Related party transactions (continued)

b) Advisory services

aggregate 187,500 common shares were issued at a deemed price of \$0.20 per share. The second three month period ended on May 31, 2019, for which an aggregate 187,500 common shares were issued at a deemed price of \$0.20 per share. The third period was shortened to the two month period ended July 31, 2019, for which an aggregate of 113,635 common shares were issuable at a deemed price of \$0.22 per share to pay consulting fees aggregating \$25,000 (note 10f).

c) Convertible debentures

On August 22, 2018, directors subscribed either individually or through corporations they owned to an aggregate of 1,150,000 units and 825 convertible debentures, with each debenture having a face value of \$1,000, issued by the Company pursuant to private placement financings for aggregate proceeds of \$997,500.

Interest expense incurred on these convertible debentures during the nine month period ended September 30, 2019 totalled \$89,201 (September 30, 2018 – \$10,578). Pursuant to the contractual terms of the convertible debentures, one-half of the quarterly interest expense is payable with the issuance of common shares.

d) Subscription to units

During the period ended September 30, 2019, directors of the Company subscribed, either individually or through corporations they owned, to an aggregate of nine Tier 1 units for aggregate proceeds of \$225,000. These units comprised 511,362 common shares and \$112,500 Debentures.

12 Financial instruments and other

Interest rate risk

The Company is exposed to interest rate risks on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The Company's mortgages payable have maturity dates of August 23, 2012 and September 1, 2026, with effective interest rates of 4.097% and 2.55% respectively. The Company's convertible debentures have maturity dates of August 22, 2020 and September 30, 2021, with interest rates of 12% and 7% respectively.

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 2019 to avoid disruption in planned expenditures.

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13 Subsequent events

Subsequent to September 30, 2019, the Company completed the acquisition of the Ryan Street Properties. ViveRE acquired the Ryan Street Properties for an aggregate purchase price of \$5,488,000 subject to customary adjustments. ViveRE placed a collateral mortgage in the amount of \$4,115,785 with the balance of the purchase price payable in cash from the proceeds of a non-brokered private placement financing that ViveRE closed on September 30, 2019. The mortgage bears a fixed annual interest rate of 3.45% and has a term of 5 years with monthly principal and interest payments of \$20,440.