

NBS Capital Inc.
Unaudited Condensed Interim Financial Statements
Three months ending September 30, 2020 and 2019

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the unaudited interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors. They have not been reviewed by the Company's auditors. The accompanying unaudited interim condensed consolidated financial statements have been prepared by and are the responsibility of management. These unaudited interim condensed consolidated financial statements are presented on the accrual basis of accounting and accordingly, a precise determination of many assets and liabilities is dependent upon future events. Where necessary, management has made informed judgements and estimates in accounting for these assets and liabilities and for transactions which are not complete at the end of the reporting period. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

NBS Capital Inc.

September 30, 2020 and 2019

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(unaudited, in Canadian dollars)

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

NBS Capital Inc.
Unaudited Condensed Interim Statements of Financial Position
in Canadian dollars)

As at	<i>September 30, 2020</i>	<i>June 30, 2020</i>
Assets		
Current		
Cash	12,334	65,763
Short term investments (Note 5)	254,064	253,813
Subscription receivable	-	-
Prepaid expenses	-	5,224
	266,398	324,800
Liabilities		
Current		
Accounts payable and accrued liabilities	12,071	31,437
	12,071	31,437
Shareholders' Equity		
Share capital (Note 7)	453,906	453,906
Contributed Surplus (Note 7)	54,747	54,747
Warrants (Note 7)	26,501	26,501
Deficit	(280,827)	(241,791)
	254,327	293,363
	266,398	324,800

Nature of the Organization (Note 1)

Approved on behalf of the Board

[signed] "Paul Barbeau"
Director

[signed] "David Chow"
Director

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NBS Capital Inc.
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
(in Canadian dollars)

	Share Capital					Shareholders' Equity
	Common Shares (number)	Amount	Contributed Surplus	Warrants	Deficit	
Balance - July 1, 2019	7,300,000	453,906	54,747	26,501	(106,911)	428,243
Net loss	-	-	-	-	(50,733)	(50,733)
Balance - September 30, 2019	7,300,000	453,906	54,747	26,501	(157,644)	377,510
Balance - July 1, 2020	7,300,000	453,906	54,747	26,501	(241,791)	293,363
Net loss	-	-	-	-	(39,036)	(39,036)
Balance - September 30, 2020	7,300,000	453,906	54,747	26,501	(280,827)	254,327

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NBS Capital Inc.
Unaudited Condensed Interim Statements of Comprehensive Loss and Comprehensive Loss
(in Canadian dollars)

	Three month period ended	
	September 30, 2020	September 30, 2019
Revenue		
Interest income	251	1,710
Expenses		
Accounting fees	9,032	7,255
Bank charges	25	37
Insurance	2,996	-
Legal fees	20,114	20,340
Office expenses	817	3,371
Share-based compensation	-	-
Stock exchange fees	3,101	-
Transfer agent fees	973	1,433
Travel	2,229	20,006
	39,287	52,442
Net loss and comprehensive loss	(39,036)	(50,733)
Loss per share		
Basic and diluted	(0.01)	(0.01)
Weighted average number of common shares	7,300,000	7,300,000

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

NBS Capital Inc.
Unaudited Condensed Interim Statements of Cash Flows
(unaudited, in Canadian dollars)

	<i>Three months ended September 30, 2020</i>	<i>Three months ended September 30, 2019</i>
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(39,036)	(50,733)
	-	-
	(39,036)	(50,733)
Changes in working capital accounts		
Subscription Receivables	-	-
Prepaid Expenses	5,224	(2,817)
Accounts payable and accrued liabilities	(19,366)	8,827
Cash provided by operating activities	(53,178)	(44,722)
Investing Activities		
Purchase of short-term investments	(254,064)	(403,283)
Redemption of short-term investments	253,813	451,989
Prepaid qualifying transaction costs	-	-
Cash used for investing activities	(251)	48,705
Financing activities		
Proceeds from shares issued (net of share issuance costs)	-	-
Increase (decrease) in cash	(53,429)	3,983
Cash, beginning of period	65,763	23,796
Cash, end of period	12,334	27,779

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

1. DESCRIPTION OF BUSINESS

NBS Capital Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on March 1, 2018. The Company is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Company is located at 11 – 300 Earl Grey Drive, Ottawa, ON K2T 1C1.

The Company issued 2,300,000 common shares for an amount of \$115,000 and on November 30, 2018 the Company’s prospectus for an Initial Public Offering (“IPO”) of the Company’s common shares was receipted by the regulatory authorities. The IPO closed on December 17, 2018 and a total of 5,000,000 common shares were issued at a price of \$0.10 per common share. The Company’s shares commenced trading on December 18, 2018 under the symbol NBS.P.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company’s shares from trading.

Qualifying Transaction

On October 19, 2020 the company announced that it has entered into a non-binding letter of intent dated September 17, 2020 with Electric Metals (USA) Limited (“EML”), an unlisted public company incorporated under the laws of New South Wales, Australia, to effect an arm’s length transaction that will result in a reverse takeover of NBS by EML (the “Proposed Transaction”). Trading in the common shares of NBS will remain halted until such time as all required documentation has been filed with and accepted by the TSXV in connection with the Proposed Transaction. There can be no assurances that the Proposed Transaction will be completed on the terms set out below or at all.

The Proposed Transaction

It is intended that the Proposed Transaction will constitute the “Qualifying Transaction” of NBS as such term is defined in the policies of the TSXV. NBS currently has 7,300,000 common shares outstanding (each, an “NBS Common Share”), stock options to acquire 730,000 NBS Common Shares at a price of \$0.10 per share expiring December 18, 2023 (the “NBS Stock Options”) and share purchase warrants to acquire 500,000 NBS Common Shares at a price of \$0.10 per share expiring December 18, 2020 (the “Agent’s Warrants”). It is expected that all NBS Stock Options and Agent’s Warrants outstanding will be exercised in accordance with their terms on or prior to the completion of the Proposed Transaction.

As a result of the Proposed Transaction, it is expected that EML will become a wholly-owned subsidiary of NBS (the “Resulting Issuer” following completion of the Proposed Transaction) or otherwise combine its corporate existence with a wholly-owned subsidiary of NBS. While the final structure of the Proposed Transaction will be subject to the receipt of tax, corporate and securities law advice for both NBS and EML, it is currently anticipated that the Proposed Transaction will be effected by way of a three-cornered merger/amalgamation effected pursuant to a court-supervised scheme of arrangement under the laws of Australia (the “Arrangement”), whereby EML will combine with a newly incorporated wholly-owned Australian subsidiary of NBS (“NBS Subco”) in accordance with the terms of an arrangement agreement

or scheme implementation agreement to be entered into by EML, NBS and NBS Subco (the “Arrangement Agreement”).

The Company and EML anticipate that upon closing of the Proposed Transaction, the Resulting Issuer will meet the TSXV’s initial listing requirements for a Tier 1 or Tier 2 mining issuer.

Name Change and Consolidation

On or immediately prior to the completion of the Proposed Transaction, it is anticipated that: (i) NBS will effect a name change to “Nevada Silver Corporation” or such other name as is acceptable to EML (the “Name Change”); and (ii) NBS will consolidate its issued and outstanding shares by a factor of 0.73271 to arrive at 6,250,000 NBS common shares on closing of the Proposed Transaction assuming all NBS Stock Options and Agent’s Warrants are exercised (the “Consolidation”), or such other consolidation ratio as may be required under the policies of the TSXV and as may be acceptable to the parties, with all issuances of NBS Common Shares in connection with the Proposed Transaction being commensurately adjusted. NBS will seek the approval of its shareholders for the Name Change and Consolidation at a meeting of shareholders (the “Meeting”) to be held prior to completion of the Proposed Transaction. Notice of the Meeting will be posted on www.SEDAR.com under the Company’s profile.

In connection with the Proposed Transaction, it is anticipated that NBS shall issue an aggregate of 43,820,020 post-Consolidation NBS Common Shares to the shareholders of EML, on a pro-rata basis, on closing of the Proposed Transaction in exchange for all of the issued and outstanding securities of EML. The number of post-Consolidation NBS Common Shares to be issued may be adjusted depending on the final Consolidation Ratio determined by the parties to be appropriate in connection with the Proposed Transaction.

At this time, the parties to the Proposed Transaction do not believe that approval of the NBS shareholders for the Proposed Transaction is required under applicable TSXV policies due, in part, to the fact that the transaction is arms-length.

2. BASIS OF PRESENTATION

Statement of compliance

The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. In the opinion of management, they include all adjustments necessary for fair presentation. Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis accordingly. Accordingly, these unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements as at and for the year ended June 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These unaudited interim financial statements were authorized for issuance in accordance with a resolution of the directors on November 27, 2020.

Basis of measurement

These unaudited interim financial statements have been prepared on a going concern basis, under the historical cost convention.

Functional currency and currency of presentation

The unaudited interim financial statements are presented in Canadian dollars which is also the functional

currency of the Company.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are described in Note 3 of the annual financial statements for the year ended June 30, 2020. These unaudited condensed interim financial statements at September 30, 2020 have been prepared in accordance with the same accounting policies as the most recent annual financial statements as at and for the year ended June 30, 2020 except as described below.

4. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and allow it to identify an appropriate business or asset in order to acquire such a business or asset.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash and short-term investments as capital. There were no changes in the Company’s approach to capital management during the period ended September 30, 2020. The Company’s investment policy is to hold cash in interest bearing bank accounts. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its activities for the next twelve months.

5. SHORT-TERM INVESTMENTS

Short-term investments consist of various guaranteed investment certificates that mature on December 5, 2020 with annual interest rates of 0.30%.

	Interest rate	Maturity date	September 30, 2020	June 30, 2020
Guaranteed investment certificates	0.30%	December 5, 2020	\$ 254,064	\$ 253,813

6. FINANCIAL INSTRUMENTS

Carrying values and fair values

Financial instruments are classified into one of the following categories: amortized cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (FVOCI).

The carrying values of cash, short-term investments, subscription receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at September 30, 2020 and June 30, 2020 the Company did not have any financial instruments remeasured at fair value. The carrying amount of cash, short-term investments, subscription receivable and account payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash, short-term investments and subscription receivable. Maximum exposure is equal to the carrying values of these assets. The Company's cash and short-term investments are held in a Canadian bank. The financial assets of the Company are neither past due nor impaired as at September 30, 2020 or June 30, 2020.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at September 30, 2020 (September 30, 2019), the Company had a cash balance of \$12,334 (\$33,305) and short-term investments of \$254,064 (\$352,925) to settle current liabilities of \$12,071 (\$8,827). To the extent that the Company believes it has sufficient liquidity to meet its current obligations, the Board of Directors may consider securing additional funds through equity or partnering transactions to finance future operations. All the Company's financial liabilities are normally paid within 30 days and are subject to normal trade terms. The Company has no source of operating cash flow to fund its evaluation potential Qualifying Transaction. Funding for a potential Qualifying Transaction requires equity or debt financing. The Company has limited financial resources and there is no assurance that funding will always be available to allow the Company to complete a Qualifying Transaction.

7. SHARE CAPITAL

Authorized

An unlimited number of common shares with no par value.

Issued and outstanding

	Number of Common Shares	Amount
		\$
Opening Balance, March 1, 2018	-	-
Private Placement – Common Shares	2,300,000	115,000
Initial Public Offering	5,000,000	338,906
Ending Balance, June 30, 2019	7,300,000	453,906
Ending Balance September 30, 2020	7,300,000	453,906

On December 18, 2018 the Company completed its Initial Public Offering (“IPO”). The IPO offered 5,000,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$500,000. The Company incurred \$134,593 in cash share issuance costs associated with legal and underwriting fees and a further \$26,501 in agent warrants.

Stock option plan

The Company has established a stock option plan available for directors, officers, employees and consultants, and has authorized a stock option pool equal to 10% of the outstanding common shares. At September 30, 2020 (September 30, 2019), the available option pool was 730,000 (730,000) and outstanding stock options totaled 730,000 (730,000).

Options are granted with exercise prices equal to the fair market value of the common shares of the Company on the date of grant. Options generally vest immediately after a specific event has occurred. All options expire on the fifth anniversary of the grant. After termination of employment, unvested options are forfeited immediately and vested options expire 90 days subsequent to termination. The Board of Directors administers the stock option plan.

NBS Capital Inc.
Notes to the Condensed Interim Financial Statements
Three months ending September 30, 2020 and 2019

7. SHARE CAPITAL (CONTINUED)

A summary of the Company's stock options and changes during the periods is presented below:

		2020		2019
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Outstanding, beginning of year	-		-	-
Granted	730,000	0.10	730,000	0.10
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding, end of year	730,000	0.10	730,000.00	0.10
Exercisable, end of year	730,000	0.10	730,000.00	0.10

The following table summarizes the options outstanding and exercisable:

For the fiscal quarter ended September 30, 2020				For the year ended June 30, 2020			
Options Outstanding			Options Exercisable	Options Outstanding			Options Exercisable
Exercise Price (\$)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Exercise Price (\$)	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable
\$ 0.10	730,000	3.21	730,000	\$ 0.10	730,000.00	3.41	730,000.00

The fair value of options granted is determined using the Black-Scholes option pricing model. The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the options. The following weighted average assumptions were used for options granted in the period:

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Three months ending September 30, 2020 and 2019

7. SHARE CAPITAL (CONTINUED)

	Three months ended September 30, 2020	Three months ended September 30, 2019
Risk-free interest rate	N/A	N/A
Expected life of options (years)	N/A	N/A
Expected annualized volatility	N/A	N/A
Expected dividend yield	N/A	N/A
Estimated forfeiture rate	N/A	N/A
Weighted average fair value of each option	N/A	N/A

Share-based compensation is recorded as an increase to contributed surplus and is transferred to share capital when the underlying options are exercised. There was no stock options were granted during the three month period ending September 30, 2020 and September 30, 2019.

Agent warrants

On December 18, 2018, the Company granted 500,000 warrants as part of the units sold through their initial public offering. Each warrant is exercisable into one common share of the Company at a price of \$0.10 per share and expires on December 18, 2020.

	Warrants Outstanding	Weighted Average Exercise Price
	#	\$
Outstanding, July 1, 2020	500,000	0.10
Granted	-	-
Exercised	-	-
Expired/cancelled	-	-
Outstanding, September 30, 2020	500,000	0.10

8. KEY MANAGEMENT PERSONNEL AND DIRECTOR COMPENSATION

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and are defined as the Chief Officers of the Company and the Company's Board of Directors. The Company's compensation program is administered by the Board of Directors and specifically provides for total compensation for executive officers, which is a combination of base salary, performance-based incentives and benefit programs that reflect aggregated competitive pay in light of business achievement, fulfillment of individual objectives and overall job performance. Directors, executive officers and employees participate in the Company's stock option plans.

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Notes to the Condensed Interim Financial Statements
Three months ending September 30, 2020 and 2019

8. KEY MANAGEMENT PERSONNEL AND DIRECTOR COMPENSATION (CONTINUED)

The following summarizes key management personnel and directors' compensation for the three month September 30, 2020 and 2019:

	Three months ending September 30, 2020	Three months ending September 30, 2019
	\$	\$
Salaries and other compensation	-	-
Share-based compensation	-	-
	-	-

During the three months ending September 30, 2020 (September 30, 2019) the Company was invoiced \$4,661 (\$424) by a Company (hyperNET Inc.) controlled by certain directors (Paul Barbeau).