

NSX Silver Inc.

Interim Unaudited Condensed
Financial Statements
(expressed in Canadian dollars)

June 30, 2016

August 29, 2016

Management's Report

The accompanying unaudited condensed interim 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.

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

(signed) "*Johannes H.C. van Hoof*"
President and Chief Executive Officer
Buenos Aires, Argentina

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

NSX Silver Inc.

Interim Unaudited Condensed Statements of Financial Position

As at June 30, 2016 and December 31, 2015

(expressed in Canadian dollars)

	June 30, 2016 \$	December 31, 2015 \$
Assets		
Current assets		
Cash and cash equivalents	9,583	1,918
Sales tax recoverable	7,741	4,437
	<hr/>	<hr/>
	17,324	6,355
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	63,117	45,680
Amount due to shareholders	67,656	49,656
	<hr/>	<hr/>
	130,773	95,336
	<hr/>	<hr/>
Equity (note 7)	(113,449)	(88,981)
	<hr/>	<hr/>
	17,324	6,355
	<hr/>	<hr/>

Nature of operations and going concern (note 1)

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

Approved by the Board of Directors

(signed) "Johannes H.C. Van Hoof", Director

(signed) "Glenn Holmes", Director

NSX Silver Inc.

Unaudited Condensed Interim Statements of Changes in Equity For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

	Number of shares (note 8)	Share capital \$ (note 8)	Contributed surplus \$ (note 8)	Deficit \$	Total \$
Balance – December 31, 2014	4,592,957	5,600,249	310,000	(5,660,354)	249,895
Net loss and comprehensive loss for the period	–	–	–	(28,773)	(14,267)
Balance – June 30, 2015	4,592,957	5,600,249	310,000	(5,689,127)	235,628
Net loss and comprehensive loss for the period	–	–	–	(310,103)	(324,609)
Balance – December 31, 2015	4,592,957	5,600,249	310,000	(5,999,230)	(88,981)
Net loss and comprehensive loss for the year	–	–	–	(24,468)	(24,468)
Balance – June 30, 2016	4,592,957	5,600,249	310,000	(6,023,698)	(113,449)

On January 23, 2015, the Company completed a one-for-ten share consolidation. All references to the number of common shares have been adjusted retrospectively to reflect the Company's one-for-ten share consolidation for the prior periods disclosed in these financial statements.

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

NSX Silver Inc.

Unaudited Condensed Interim Statements of Loss and Comprehensive Loss For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

	Three months ended June 30, 2016 \$	Three months ended June 30, 2015 \$	Six months ended June 30, 2016 \$	Six months ended June 30, 2015 \$
Operating expenses				
Consulting fees	8,000	–	8,000	–
Professional dues	2,455	734	3,705	3,689
Insurance	1,144	1,250	2,332	2,500
Professional fees	4,052	–	4,717	3,055
Foreign exchange loss (gain)	–	4,223	–	9,993
Travel	1,762	–	1,762	–
Other	2,879	8,299	3,952	9,536
Net loss and comprehensive loss for the period	(20,292)	(14,506)	(24,468)	(28,773)
Loss per share - basic and diluted	(\$0.004)	(\$0.003)	(\$0.005)	(\$0.006)
Weighted average outstanding common shares – basic and diluted	4,592,957	4,592,957	4,592,957	4,592,957

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

NSX Silver Inc.

Unaudited Condensed Interim Statements of Cash Flows For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

	June 30, 2016 \$	June 30, 2015 \$
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the years	(24,468)	(28,773)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	(3,304)	(3,542)
Decrease (increase) in deposits and prepaid expenses	–	(5,100)
Increase (decrease) in accounts payable and accrued liabilities	17,437	12,043
	<u>(10,335)</u>	<u>(25,372)</u>
Financing activities		
Advances from shareholders	<u>18,000</u>	<u>13,000</u>
Net change in cash and cash equivalents for the periods	7,665	(12,372)
Cash and cash equivalents – Beginning of periods	<u>1,918</u>	<u>13,446</u>
Cash and cash equivalents – End of periods	<u>9,583</u>	<u>1,074</u>

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

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(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, with the symbol NSY. As a result of the Company's disposition of the shares of its Mexican subsidiary company, Compania Minera Oso Blanco SA de CV during 2015 (see note 4), 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.

NSX Silver does not have any ongoing business operations. The Board of Directors of NSX Silver intends to explore potential strategic alternatives, however, there can be no assurance that such exploration of strategic alternatives will result in a transaction being pursued, entered into or consummated.

Going concern

These unaudited condensed interim financial statements as at March 31, 2016 and March 31, 2015 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 million (December 31, 2015 – \$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. 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 consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, and these adjustments could be material.

2 Basis of presentation

Statement of compliance

The Company prepares its unaudited condensed interim financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

2 Basis of presentation (continued)

Statement of compliance (continued)

prepared in accordance with IFRS, as issued by the IASB, has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year-ended December 31, 2015.

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 statements for issue on August 29, 2016.

Basis of measurement

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

Use of estimates and judgments

The preparation of the consolidated 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 consolidated 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.

Recoverability of resource properties

Initial acquisition costs and exploration and development costs related to resource properties are deferred until such time as the properties are put into commercial production, sold or abandoned or management determines that the resource properties are not economically viable, at which time the resource properties are written down to their recoverable amount. Under this method, all amounts shown as resource properties represent costs incurred to date less amounts amortized, received from exploration partners and/or written down, and do not necessarily represent present or future values.

If any properties are put into commercial production, the carrying values of the properties will be depleted following the unit of production method. If any properties are sold or abandoned, or considered to be impaired in value, the carrying value of the properties will be charged to operations.

The carrying values of resource properties, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the resource properties will be written down to their recoverable amount. The ultimate recoverability of the amounts capitalized for the resource properties is dependent upon obtaining the necessary financing to complete their development and realize profitable production or proceeds from the disposition thereof.

Management's estimate of recoverability of the Company's resource properties has been based on current conditions. However, it is reasonably possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the resource properties.

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

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, 2015. Refer to note 3 – Significant Accounting Policies, of the Company’s annual consolidated financial statements for the year ended December 31, 2015 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Resource properties

	Oso Blanco and Other \$
Balance – December 31, 2014	304,077
Exploration costs incurred	15,999
Disposal of Mexican subsidiary	<u>(320,076)</u>
Balance – December 31, 2015 and June 30, 2016	<u>–</u>

The Company holds a 2% net smelter royalty on any future mineral production from the eleven mining concessions that were held by its former Mexican subsidiary company. All of the mining concessions are located in Sonora State, Mexico and are considered to be early stage exploration properties.

5 Accounts payable and accrued liabilities

	June 30, 2016 \$	December 31, 2015 \$
Accounts payable	47,717	26,580
Accrued liabilities	<u>15,400</u>	<u>19,100</u>
	<u>63,117</u>	<u>45,680</u>

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:

	June 30, 2016 \$	December 31, 2015 \$
Cash compensation and other benefits	–	–
Stock-based compensation	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

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 and June 30, 2016	<u>4,592,957</u>	<u>5,600,249</u>

During 2015, the Company completed a one-for-ten share consolidation. Effective at the opening of trading on January 23, 2015, the Company's common shares commenced trading on the TSX Venture Exchange on a consolidated basis.

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 maximum exercise period of the stock options is ten years. The exercise price of the stock options is determined by the Board of Directors when the options are granted, but cannot be less than the closing price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which the option is granted. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

During the year ended December 31, 2015, the Company, with agreement of the optionees, cancelled all outstanding options. At June 30, 2016, the Company has no stock options outstanding.

c) Contributed surplus

	June 30, 2016 \$	December 31, 2015 \$
Balance – Beginning and end of periods	<u>310,000</u>	<u>310,000</u>

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

8 Income taxes

At December 31, 2015, 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, 2015 \$	December 31, 2014 \$
Loss before income taxes	338,876	191,240
Income tax rate	31%	31%
Income tax recovery based on statutory rates	105,000	59,000
Permanent differences	(96,000)	—
Unrecognized deferred tax assets	(9,000)	(59,000)
Provision for income taxes	—	—

Losses

The Company has Canadian non-capital tax losses of approximately \$583,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows: \$226,000 in 2032, \$263,000 in 2033, \$64,000 in 2034 and \$30,000 in 2035. No deferred tax asset has been recognized for these losses as it is not probable that the related deferred tax asset will be realized.

9 Related party transactions

During the six month period ended June 30, 2016, the Company incurred legal fees aggregating \$3,727 (year ended December 31, 2015 - \$6,068) from a law firm of which one of the officers is a partner.

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 2016 to continue to fund its ongoing operations (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.

NSX Silver Inc.

Notes to Unaudited Condensed Interim Financial Statements For the periods ended June 30, 2016 and June 30, 2015

(expressed in Canadian dollars)

10 Financial instruments and other (continued)

Interest rate risk

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

Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

11 Subsequent event

Subsequent to June 30, 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.

All securities issued in connection with the private placement are subject to a four-month hold period that expires on December 17, 2016.

Officers and directors subscribed to an aggregate of 1,021,665 units for aggregate subscription proceeds of \$61,300.