NSX Silver Incorporation

Annual Report 2014

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NSX SILVER INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2014

Background

This Management's Discussion and Analysis (MD&A) of NSX Silver Inc. (NSX Silver or the Company) is dated April 30, 2015 and provides an analysis of the financial operating results for the year ended December 31, 2014 and December 31, 2013. This MD&A should be read in conjunction with the audited annual financial statements and accompanying notes for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards (IFRS) for consolidated financial statements. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including news releases and technical reports referenced herein, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The common shares of NSX Silver are traded on the TSX Venture Exchange under the symbol "NSY". More extensive information on NSX Silver can be found on its website at www.nsxsilver.com.

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 current market for silver will continue and grow and that the risks listed below will not adversely impact the business of NSX Silver.

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

Further, 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. See "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. Sprott Asset Management LP, acting on behalf of certain Sprott funds and managed accounts, subscribed for the 8,627,451 common shares issued in the private placement, representing 19.9% of the common shares of NSGold issued and outstanding after the placement. 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, complete with all its rights and obligations, 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 the third quarter of 2013, the Company completed a strategic review of its Mexican exploration property portfolio, taking into consideration the exploration results generated to date and an evaluation of the risk-reward profile associated with undertaking further exploration for each of its mining concessions. As a result of this review, the directors of NSX Silver determined that the Company's future exploration efforts would be best positioned by focusing on its three wholly-owned mining concessions (Oso Blanco, Oso Blanco 2 and Piedras del Norte) comprising approximately 6,000 hectares and located in Sonora State. The work completed on these concessions to date has identified several mineralized zones which NSX Silver's technical consultants consider to have excellent potential for further discoveries.

With respect to the Dios Padre Property, comprised of the Dios Padre, Dos Carlos and Alajandro mining concessions totaling 285 hectares, while the 2012 and 2013 drill campaigns generated multiple high grade silver intercepts, they did not return the makings of an economic deposit and accordingly NSX Silver informed the property owner that it was terminating the option agreement. As a result, the Company recorded a write-down on its Dios Padre resource property in the amount of $4.6 million in 2013.

On January 23, 2015, the Company completed a one-for-ten share consolidation which was previously approved by the Company's shareholders at its last annual general meeting. As a result the Company has 4,592,957 issued and outstanding common shares.

Resource Properties – Oso Blanco Project

NSX Silver holds a 100% interest in three contiguous mining concessions (Oso Blanco, Oso Blanco 2 and Piedras del Norte) comprising approximately 5,600 hectares of prospective ground located in Sonora State, Mexico. Collectively these concessions are referred to as the Oso Blanco Property. Geological mapping and geochemical sampling has identified several anomalous zones. Sampling has returned impressive precious and base metals values with the highest precious metal values being 2,030 gpt silver and 9.4 gpt gold. None of the mineralized showings have yet been drill tested.

The Oso Blanco Property is situated approximately midway between the cities of Hermosillo and Chihuahua in the Sierra Madre Occidental ("SMO") in a cretaceous volcanic suite, which is regionally denoted as the "Lower Volcanic Sequence". These rocks are overlain and completely covered to the East by a tertiary sequence of rhyolite tuffs and basalts regionally known as the "Upper Volcanic Sequence". The interface between these sequences, and in particular the upper parts of the Lower Volcanic Sequence, is the host environment for several significant gold and silver districts including the nearby Sahuaripa, Mulatos, Dolores and Ocampo Districts and further south the El Sauzal discovery. The geologic setting of these deposits varies but they all occur at or within this highly prospective interface.

During July 2012 NSX Silver initiated a geochemical sampling survey over a large portion of these three concessions. In particular, the Company was attracted to the previously unexplored **Huerigo Zone** on the Oso Blanco II concession by alteration in surface rocks that is similar to the Dios Padre Property. The Huerigo area comprises 8 km^2 of highly prospective ground in the western portion of the Oso Blanco II concession and is located approximately 5 kilometers west-southwest of the historic Dios Padre Silver Mine. A total of five highly prospective areas (i.e. anomalous zones) have been identified in the Huerigo area. Silver values up to 545 grams per tonne were returned from the rock chip samples in this area and four large poly-metallic anomalies were also discovered.

In December 2012, the Company completed its Phase 2 geochemical survey conducted on the Oso Blanco II concession. The survey covered the Huerigo Zone and other silver-lead-copper anomalies discovered during the Phase I geochemical survey. The Phase 2 program successfully delineated the Huerigo Zone in detail and confirmed the internal consistency and intensity of the silver anomaly.

The Phase 2 program covered 800 hectares of the Oso Blanco II concession and was designed to increase sample density and provide detailed information regarding the size, shape, and intensity of the anomalies. A total of 941 rock chip surface samples were taken during the two programs. In known anomalous zones rock chip samples were taken on a 50 meter grid with 25 meter sample spacing and at any changes in lithology or alteration. Previously unexplored ground was sampled on a 100 meter grid with 50 meter sample spacing and at any change in lithology or alteration.

Anomalous zones were defined by elevated silver-lead-copper assay values supported by multi-element assay values that exceed the statistical background populations. Background levels for silver, lead, and copper are 1.3, 18, and 20 ppm respectively. The main Huerigo metal anomaly occurs as an arcuate 900X300 meter multi-point silver anomaly, supported by coincident anomalous lead and copper values. Silver values range from background to a maximum of 545 grams per tonne, with lead values reaching 2.05% and copper reaching 2.1% Of the total 941 samples tested, an impressive 302 samples (32%) contained anomalous silver, copper, and lead.

The Phase 2 program also identified additional silver-lead-copper anomalies on the concession. Certain of these zones were evaluated by trenching, geologic mapping, and detailed geochemical sampling.

In May 2013, the Company announced the initial results from its ongoing detailed mapping and sampling program on the **Santa Rosalita Zone** located on the Oso Blanco concession and the **La Prieta Zone** located on the Piedras del Norte concession. In June, 2013, the Company reported results from its ongoing geochemical sampling and mapping program on the Huerigo area. These efforts focussed on two zones; the **Los Tajos Zone** to the south and the **Chipahuiri Zone** to the north. These zones are located approximately 5 kilometers apart and both have had only limited exploration conducted in the past.

Highlight results from these exploration programs are outlined in the following sections.

Santa Rosalita Zone

The Santa Rosalita Zone is a newly discovered mineralized zone located immediately north of the town of Santa Rosa. Mineralization in this zone occurs in a shear zone of indeterminate size that is obscured by heavy overburden in an area with difficult access due to dense vegetation. Significant values obtained during initial sampling in this zone include the following:

Sample #	Gold (gpt)	Silver (gpt)	Copper (%)	Lead (%)	Zinc (%)
170410	0.01	**2,030**	0.31%	1.26%	0.14%
170409	0.01	93	0.24%	0.48%	0.69%

This zone appears to be in close proximity to a large quartz monzonite intrusive body that lies to the south-southwest. The significance of this is that quartz monzonite is a primary host for a number of porphyry copper deposits in western Canada, the United States, and Mexico. Many of these type of deposits are known to have high grade precious metal occurrences on or near their peripheries. Considerable work remains to be done to confirm the potential for porphyry copper mineralization at or near the Santa Rosalita Zone.

La Prieta Zone

La Prieta is a strong shear zone with veins containing silver and it is one of the more prominent silver occurrences located near Santa Rosalita. This mineralized zone is located on the Piedras del Norte concession. The vein system at La Prieta was previously mined during the early 1900’s and a substantial dual compartment inclined shaft has been found. Investigation of rocks on the dump resulted in identification of diorite and quartz diorite intrusive rock waste material, which likely represents the wall rocks of the vein system. Numerous fragments of vein material disclosed argentite, freiburgite, chalcopyrite, pyrite, barite and calcite in a brecciated quartz vein host. The presence of these mineralized examples in the dump suggests that mine production concentrated on high grades, similar to the early mining at Dios Padre.

At the La Prieta Zone Company personnel have identified a 700 meter long narrow shear zone, approximately 0.5 to 1.2 meters in width that hosted the old La Prieta polymetallic mine (copper, lead, zinc, gold, and silver). Significant gold and silver values from recent sampling at this zone include the following:

Sample #	Gold (gpt)	Silver (gpt)	Copper (%)	Lead (%)	Zinc (%)
170834	**2.39**	**352**	0.07%	0.13%	0.02%
170591	1.35	**236**	0.01%	0.05%	0.03%
170804	0.02	185	0.03%	0.14%	0.03%
170714	**2.12**	184	0.01%	0.12%	0.01%
170849	**4.03**	148	0.06%	0.06%	0.05%
170546	**2.98**	143	0.21%	0.15%	0.20%
170577	**2.94**	134	0.18%	0.14%	0.07%
170860	1.42	104	0.17%	0.11%	0.35%
170594	1.97	73	0.06%	0.13%	0.17%
170858	**2.03**	52	0.00%	0.60%	0.41%
170707	**3.03**	49	0.01%	0.08%	0.03%
170712	**9.42**	29	0.01%	0.04%	0.00%

Testing and trenching along this zone indicates that high values of silver and gold occur along much of its length. Of the 41 samples taken along the strike of the shear, 31samples (76%) exceeded the assigned background silver value of 5 grams per tonne. Anomalous assays along the length of the zone range from trace to a high value of 352 grams per tonne silver and from trace to a high value of 9.4 grams per tonne gold. Of note is the fact that most of the higher grade silver samples also returned significant gold values.

A second shear zone has been identified from aerial photographs which trends northwest and which intercepts the La Prieta shear at the point where the highest gold sample (9.42 gram per tonne) was obtained. Most of this structure is under the cover of overburden and will require considerable trenching to expose and properly evaluate its mineral potential. Significant values obtained from scattered and sparse outcrops are encouraging and are detailed in the following table:

Sample #	Gold (gpt)	Silver (gpt)	Copper (%)	Lead (%)	Zinc (%)
170750	0.01	83	0.00%	0.04%	0.01%
170746	0.01	75	0.00%	0.05%	0.01%
170759	0.52	75	0.00%	0.02%	0.01%
170749	0.02	70	0.00%	0.02%	0.01%
170782	**2.34**	39	0.11%	0.05%	0.18%

At least two other anomalous zones have been identified approximately 500 meters south of and parallel to the northwest trending mineralized zone. The area between these zones is covered by dense foliage and overburden. These two newly discovered zones occur in rock types similar to the other shear zones. Significant samples taken from available outcrops include the following:

Sample #	Gold (gpt)	Silver (gpt)	Copper (%)	Lead (%)	Zinc (%)
170770 (Zone A)	**3.73**	**233**	0.00%	0.04%	0.01%
170795 (Zone B)	0.60	80	0.01%	0.03%	0.01%
170796 (Zone B)	0.25	56	0.21%	0.60%	0.41%

Los Tajos Zone

The current extent of the Los Tajos Zone as defined by geochemical sampling is 200 meters by 200 meters. The recent sampling program completed at Los Tajos was comprised of continuous chip sampling taken from 12 hand dug trenches each 2 meters in length, 1 meter wide and 1 meter deep into bedrock. These trenches were relatively broadly spaced and designed to provide a better understanding of the geology and mineralization in an area covered by dense vegetation and overburden.

The results of the trench sampling program are detailed in the following table.

LOS TAJOS ZONE – TRENCH RESULTS						
Trench Sample	**Interval (meters)**	**Gold (ppm)**	**Silver (ppm)**	**Copper (ppm)**	**Lead (ppm)**	**Zinc (ppm)**
170689	2.0	0.093	72.7	217	**3,410**	77
170690	2.0	0.020	69.7	151	**3,800**	61
170692	2.0	0.069	**141.0**	69	1,510	31
170695	2.0	0.767	76.4	80	**3,330**	70
170696	2.0	**3.410**	**95.6**	22	676	11
170697	2.0	0.023	40.5	56	850	19
170698	2.0	0.174	**189.0**	72	1,335	26
170699	2.0	0.237	**107.0**	38	1,150	19

Chipahuiri Zone

At the Chipahuiri Zone, work focused on an area containing numerous mine workings in a zone of highly altered intrusive rocks. Six continuous rock chip channel samples on 2 meter intervals over a width of 14 meters each were taken in an altered diorite that intrudes a granodiorite mass. All six channel samples returned anomalous precious and base metal assay results of interest as detailed in the table below. Previous samples taken exposed bedrock in the wall of a creek bed 30 meters below the old mine adit yielded results ranging from 6.7 grams per tonne to 24 grams per tonne silver, confirming the presence of anomalous mineralization. Recently acquired data combined with previous assay information suggests the mineralized zone measures approximately 30 meters by 40 meters.

CHIPAHUIRI ZONE – CHANNEL RESULTS						
Channel Sample	**Interval (meters)**	**Gold (ppm)**	**Silver (ppm)**	**Copper (ppm)**	**Lead (ppm)**	**Zinc (ppm)**
170927	14.0	0.284	**190.0**	3,080	15,850	3,900
170928	14.0	0.219	76.4	113	1,230	90
170930	14.0	0.113	75.2	360	1,640	1,015
170933	14.0	0.112	33.0	99	5,870	859
325141	14.0	0.011	24.3	394	1,025	3,340
325167	14.0	0.347	33.5	796	5,640	2,030

Geological Setting

Both the Los Tajos and Chipahuiri zones occur in altered diorite. All of the mineralization encountered to date is either disseminated or occurs in small veinlets of sulfides within the diorite. No structural controls have been identified based on the limited geology seen to date. The intrusive rocks in these zones are believed to be part of the lower volcanic sequence of the eastern Sierra Madre gold belt which hosts a number of precious metals deposits, including two multi-million ounce gold deposits which occur approximately 50 kilometers north of the Huerigo area; Mulatos Mine (Alamos Gold) and La India Mine (Agnico Eagle). The diorite occurs along a 5 kilometer long northwest trend that cuts across the Huerigo area. Geochemical sampling results have identified anomalous silver, supported by multi-element anomalies, in several locations between Chipahuiri to the northwest and Los Tajos to the southeast and across the axis of this formation. The anomalous mineralized zones strike perpendicular to the northwest trend for as much as one kilometer or more.

Close examination of samples from test pits and trenches at Los Tajos and Chipahuiri suggests that mineralization identified to date is broadly disseminated. The association of potentially disseminated mineralization in altered intrusive rock suggests that one or more bulk-mineable mineral targets might be developed. Accordingly the Company will focus its exploration efforts in the Huerigo area with more test pits and trenching in selective areas to define potential mineralized zones and to delineate drill targets.

Other Anomalous Zones

Results from the 2012 geochemical sampling program carried out on the Oso Blanco II concession identified three other anomalous zones of interest. As with the Los Tajos and Chipahuiri zones, these three other zones were defined by elevated silver-lead-copper assay values supported by anomalous multi-element assay values that exceed the statistical background populations. These zones represent priority exploration targets for the Company.

NSX Silver management and exploration personnel are highly encouraged by the discovery of potentially significant mineral targets at these zones and associated subsidiary zones. The association of strong silver and gold anomalies in previously mined and newly found zones peripheral to an altered quartz monzonite intrusive is considered to be a very exciting development. Subject to financing, the Company intends to continue the systematic exploration of its sizeable land position.

Future Exploration

The Company has been unable to conduct the recommended follow-up exploration activities on the various mineral occurrences on the Oso Blanco properties in 2013 and 2014, as a result of not securing financing. The equity markets for early stage exploration properties remain very challenging. The Company’s financial position has been further impacted by the nonpayment of its VAT receivable by the Mexican authorities. Future exploration activities are dependent upon raising new equity financing, securing a joint venture arrangement and/or the sale of one or more of its mining concessions.

Qualified Person

John E. Hiner, Licensed Geologist and Registered Member of SME, a qualified person as defined by National Instrument 43-101, has reviewed and approved the information provided in this Management and Analysis for the year ended December 31, 2014.

Selected Financial Information

NSX Silver's consolidated net loss for the year ended December 31, 2014 was $191,240 or $0.10 per share as compared to a loss of $4,933,560 or $1.10 per share in 2013. In September 2013, the Company informed the Dios Padre property owner that it was terminating its option agreement on the property. The Company recorded a write-down of its Dios Padre resource property in the amount of $4.6 million or $1.00 per share. In 2014, the Company recovered certain amounts relating to the Dios Padre property which had been written-off in 2013. As a result the Company recorded a recovery of $16,298 in the current year. Late in the current year the Company also recorded a provision for non-recoverable VAT, in the amount of $50,000, representing approximately 50% of the outstanding recoverable Mexican VAT at the end of 2014.

The following table contains selected financial information for the years ended December 31, 2014, 2013 and 2012:

Year ended Operating expenses	Dec 31, 2014 $	Dec 31, 2013 $	Dec 31, 2012 $
Consulting fees	**33,373**	**85,636**	104,263
Insurance	**10,740**	**22,585**	14,922
Professional fees	**16,867**	**26,595**	39,618
Professional dues	**18,397**	**6,300**	6,337
Stock-based compensation	**-**	**38,000**	190,000
Travel	**-**	**1,470**	14,062
Wages and benefits	**34,197**	**72,449**	53,283
Investor communications	**-**	**44,500**	30,000
Property investigation	**15,350**	**22,112**	3,369
Other	**42,294**	**55,475**	68,704
Recovery of accounts payable	**(13,000)**	**-**	-
Write-down of resource property	**(16,298)**	**4,573,327**	-
Provision for recoverable VAT	**50,000**	**-**	-
Total operating expenses	**191,920**	**4,948,449**	524,558
Interest income	**(680)**	**(14,889)**	(7,284)
Net loss for the period	**191,240**	**4,933,560**	517,274
Weighted average outstanding shares	**4,592,957**	**4,582,540**	3,638,595
Basic and diluted net loss per share after one-for-ten share consolidation	**$0.04**	**$1.08**	$0.10

Summary of Quarterly Operating Results

NSX Silver's consolidated net loss for the quarter ended December 31, 2014 was $60,419 or $0.01 per share as compared to a loss of $102,907 or $0.02 per share for the quarter ended December 31, 2013. The following table contains selected financial information for the last eight quarters ended December 31, 2013:

Quarter ended Operating expenses	Dec 31, 2014 $	Sept 30, 2014 $	June 30, 2014 $	Mar 31, 2014 $	Dec 31, 2013 $	Sept 30, 2013 $	June 30, 2013 $	Mar 31, 2013 $
Consulting fees	**10,260**	6,000	6,613	10,500	**19,488**	17,935	21,038	27,175
Insurance	**1,544**	595	4,300	4,301	**5,000**	7,584	5,000	5,001
Professional fees	**(135)**	4,260	11,744	998	**13,826**	-	12,231	538
Business dues and fees	**6,362**	1,010	5,550	5,475	**-**	-	1,000	5,300
Stock-based compensation	**-**	-	-	-	**-**	-	38,000	-
Travel	**-**	-	-	-	**-**	-	-	1,470
Wages and benefits	**-**	16,823	3,093	14,281	**20,587**	17,890	19,328	17,202
Investor communications	**-**	-	-	-	**3,000**	11,752	3,000	26,748
Property investigation	**-**	-	1,840	13,510	**16,824**	5,288	-	-
Foreign exchange loss (gain)	**5,572**	(3,382)	5,167	(4,760)	**(2,390)**	1,000	10,000	(18,000)
Office and other	**(184)**	5,428	18,303	16,150	**18,830**	12,630	19,837	14,668
Recovery of accounts payable	**(13,000)**	-	-	-	**-**	-	-	-
Write-down (recovery) of resource property	**-**	(16,298)	-	-	**8,323**	4,565,004	-	-
Provision for recoverable VAT	**50,000**	-	-	-	**-**	-	-	-
Total operating expenses	**60,419**	14,436	56,610	60,455	**103,488**	4,639,083	129,434	80,102
Interest income	**-**	-	(300)	(380)	**(581)**	(367)	(5,410)	(8,531)
Net loss for the period	**60,419**	14,436	56,310	60,075	**102,907**	4,638,716	124,024	71,571
Basic and diluted net loss per share after 1 for 10 share consolidation	**$0.01**	$0.003	$0.01	$0.01	**$0.02**	$1.01	$0.03	$0.02

In light of the continuing challenging financing conditions relating to the funding of early stage exploration projects, coupled with the ongoing delays in the collection of value-added tax receivable in Mexico, the Company implemented significant reductions in corporate expenses during 2014.

During the year ended December 31, 2014, the Company incurred total expenses of $154,240 compared to $375,122 for the prior year after adjusting both years for significant for non-cash items. The 2014 non-cash item related to a provision for non-recoverable VAT in the amount of $50,000 and the 2013 non-cash expenses were comprised of stock-based compensation of $38,000 and the write-down of the Dios Padre Property of $4,565,004. Significant cost reductions were realized in all other areas including consulting fee expenses ($33,373 compared to $85,636), investor communications expenses ($nil compared to $44,500) wages and benefits ($34,197 compared to $72,449) and all other general and administrative costs. The Company also recovered $13,000 on the elimination of certain accounts payable in 2014.

During the three month period ended December 31, 2014, the Company incurred total expenses of $23,419 adjusted for non-cash items compared to $104,488 for the prior year comparable period. The 2014 non-cash expenses include a provision for non-recoverable Mexican VAT in the amount of $50,000 and the recovery of accounts payable for $13,000. The final quarter of 2014 saw significant decreases in wages and benefits, property investigation profession and consulting fees as compared to the final quarter of 2013. The Company also recovered $13,000 on the elimination of certain accounts payable in the final quarter of 2014.

Liquidity and Capital Resources

The following table contains selected financial information as at December 31, 2014, 2013 and 2012:

	As at December 31, 2014 $	As at December 31, 2013 $	As at December 31, 2012 $
Total current assets	62,358	231,086	1,698,221
Resource properties and capital assets	304,077	291,025	3,666,844
Total assets	384,856	548,426	5,401,960
Total liabilities	134,961	107,291	87,515
Shareholder equity	249,895	441,135	5,314,445

As at December 31, 2014, the Company had a net working capital deficiency of $72,603 compared to a net working capital of $123,795 at December 31, 2013. Current assets include $47,380 ($97,380 less a provision of $50,000) of recoverable Mexican value-added tax, however, over the past several months the government has been slow to process sales tax refunds and accordingly this has negatively impacted the liquidity position of NSX Silver's Mexican subsidiary company. The Company continues its efforts to secure reimbursement of the sales tax.

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 fund future exploration programs and to meet its ongoing general and administrative requirements. Given the continuing down-turn in the junior mining equity markets there is no assurance that the Company will be able to do secure equity financing in the near term.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

During the year ended December 31, 2014, the Company incurred legal fees aggregating $2,425 (2013 - $8,126) from a law firm of which one of the officers is a partner.

Outstanding Share Data

As at December 31, 2014, the Company has 45,929,571 shares issued and outstanding. On January 23, 2015, the Company completed a one-for-ten share consolidation which was approved at the Company's annual general meeting. As a result, the Company has 4,592,957 issued and outstanding common shares as at April 30, 2015.

According to IFRS – 10 which states that the subsequent share consolidation is a non-adjusting event, thus share capital is not restated for prior periods. However, for purposes of calculating loss per share, the weighted average number of common shares outstanding has been adjusted to reflect the subsequent share consolidation in accordance with IAS 33.

As at December 31, 2014, the Company had 2,610,000 options outstanding with a weighted average exercise price of $0.18. As a result of the one-for-ten share consolidation, the Company has 261,000 options outstanding with a weighted average exercise price of $1.80 as at April 30, 2015.

New and Amended Standards Adopted by the Company

The following standard has been adopted by the Company for the financial year which began on January 1, 2014:

i) IFRIC 21, Levies

IFRIC 21 "Levies" ("IFRIC 21") has been amended to require entities to recognize a liability when payment is triggered under the terms of the relevant legislation. The Company adopted IFRIC 21 on January 1, 2014 on a retrospective basis. The adoption of IFRIC 21 had no impact on these consolidated financial statements.

New Standards and Interpretations Not Yet Adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Accordingly, the Company expects to adopt these standards as set forth below.

i) IFRS 9, Financial Instruments

IFRS 9, "Financial instruments" introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9, and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its 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. Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

iii. Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mining 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. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. 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.

iv. Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

v. Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

vi. Financing Risks and Dilution to Shareholders

The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on its exploration properties is successful, additional funds will be required for the purposes of further exploration and development. 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.

vii. Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its exploration properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that NSX Silver does not have title to its exploration properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

viii. Requirement for Permits and Licenses

A substantial number of permits and licenses may be required should the Company proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Company will be able to obtain all such licenses and permits.

ix. Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

x. 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.

xi. No Mineral Reserves

Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades, may cause a mining operation to be unprofitable in any particular accounting period.

xii. Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

xiii. Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Mexican approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Oso Blanco property could be subject to resistance from local residents that could either prevent or delay exploration and development of the property.

xiv. Management Inexperience in Developing Mines

The management of the Company has some experience in exploring for minerals, but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the mining industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced mine operating companies commonly use to successfully develop a mine. Consequently, the Company's operations, earnings and ultimate financial success could be materially adversely effected.

xv. 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.

xvi. Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares. The Company does not intend to maintain insurance against environmental risks.

xvii. Litigation

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

xviii. 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.

Dated: April 30, 2015

NSX Silver Inc.

Consolidated Financial Statements
December 31, 2014 and 2013

April 30, 2015

Management's Report

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

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

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

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

April 30, 2015

Independent Auditor's Report

To the Shareholders of
NSX Silver Inc.

We have audited the accompanying consolidated financial statements of **NSX Silver Inc.** and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of changes in equity, loss and comprehensive loss and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of NSX Silver Inc. and its subsidiaries, as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 of the consolidated financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about NSX Silver Inc.'s ability to continue as a going concern.

(signed) *"PricewaterhouseCoopers LLP"*

Chartered Accountants

PricewaterhouseCoopers LLP
Summit Place, 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166

NSX Silver Inc.

Consolidated Statements of Financial Position

As at December 31, 2014 and December 31, 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Assets		
Current assets		
Cash and cash equivalents	13,446	77,102
Sales tax recoverable	48,912	132,502
Deposits and prepaid expenses (note 4)	–	21,482
	62,358	231,086
Capital assets – vehicles (net of accumulated amortization of $24,985)	18,421	26,315
Resource properties (note 5)	304,077	291,025
	384,856	548,426
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	114,961	99,698
Amount due to Van Hoof Industrial Holdings Ltd.	20,000	–
Amount due to NSGold Corporation	–	7,593
	134,961	107,291
Equity	249,895	441,135
	384,856	548,426

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.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and December 31, 2013

(expressed in Canadian dollars)

	Number of shares (note 8)	Share capital $ (note 8)	Contributed surplus $ (note 8)	Deficit $	Total $
Balance – December 31, 2012	45,679,571	5,588,999	261,000	(535,554)	5,314,445
Shares issued pursuant to resource property option agreement	250,000	11,250	–	–	11,250
Stock-based compensation	–	–	49,000	–	49,000
Net loss and comprehensive loss for the year	–	–	–	(4,933,560)	(4,933,560)
Balance – December 31, 2013	45,929,571	5,600,249	310,000	(5,469,114)	441,135
Net loss and comprehensive loss for the year	–	–	–	(191,240)	(191,240)
Balance – December 31, 2014	45,929,571	5,600,249	310,000	(5,660,354)	249,895

Subsequent to December 31, 2014, the Company completed a one-for-ten share consolidation. IAS 10 states that this is a non-adjusting event, thus share capital is not restated at December 31, 2014 and 2013. However, for purposes of calculating the loss per share, the weighted average number of shares has been adjusted to reflect the share consolidation in accordance with IAS 33.

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

NSX Silver Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2014 and December 31, 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Operating expenses		
Consulting fees	33,373	85,636
Foreign exchange loss (gain)	2,597	(9,390)
Professional dues	18,397	6,300
Insurance	10,740	22,585
Professional fees	16,867	26,595
Stock-based compensation	–	38,000
Travel	–	1,470
Investor relations	–	44,500
Property investigation	15,350	22,112
Other	39,697	64,865
Wages and benefits	34,197	72,449
Provision for recoverable VAT	50,000	–
Recovery of accounts payable	(13,000)	–
Write-down (recovery) of resource properties	(16,298)	4,573,327
	(191,920)	(4,948,449)
Other income		
Interest income	680	14,889
Net loss and comprehensive loss for the years	(191,240)	(4,933,560)
Loss per share – Basic and diluted	(0.04)	(1.08)
Weighted average outstanding common shares – Basic and diluted	4,592,957	4,582,540

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

NSX Silver Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and December 31, 2013

(expressed in Canadian dollars)

	2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss for the years	(191,240)	(4,933,560)
Charges to loss not involving cash		
Write-down of resource properties	–	4,573,327
Recovery of accounts payable and accrued liabilities	(13,000)	–
Provision for recoverable VAT	50,000	–
Stock-based compensation	–	38,000
	(154,240)	(322,233)
Net changes in non-cash working capital balances related to operations		
Decrease in sales tax recoverable	33,590	112,073
Decrease in deposits and prepaid expenses	21,482	993
Increase in accounts payable and accrued liabilities	28,263	43,343
	(70,905)	(165,824)
Investing activities		
Expenditures on resource properties	(5,158)	(1,175,678)
Financing activities		
Repayments to NSGold Corporation	(7,593)	(12,567)
Advances from Van Hoof Industrial Holdings Ltd.	20,000	–
	12,407	(12,567)
Net change in cash and cash equivalents for the years	(63,656)	(1,354,069)
Cash and cash equivalents – Beginning of years	77,102	1,431,171
Cash and cash equivalents – End of years	13,446	77,102
Cash and cash equivalents are comprised of the following:		
Cash on hand and balances with banks	13,446	12,102
Short-term investments	–	65,000
	13,446	77,102

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

(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. Its principal business activities will be the acquisition, exploration and development of resource properties in Mexico.

Going concern

The Company's planned principal operations have not commenced, and no revenues have been derived during the year ended December 31, 2014. These consolidated financial statements as at December 31, 2014 and December 31, 2013 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 $5.7 million (2013 – $5.5 million) and has no operations at this time which will generate revenue. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Accordingly, the Company will need to raise additional financing. 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

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the CPA Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook") which incorporates IFRS as issued by the International Accounting Standards Board ("IASB").

The Board of Directors approved the statements for issue on April 30, 2015.

Basis of measurement

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

(expressed in Canadian dollars)

2 Basis of presentation (continued)

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.

Recoverability of sales tax recoverable

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico, at the end of each reporting period, is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. As the amount receivable depends on performance by the government in Mexico, the timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements. Management has recorded a provision for uncollectibility of $50,000 during the year. If it were determined that the uncollectible amount were higher or lower than this, the net loss would increase or decrease by the same amount.

(expressed in Canadian dollars)

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.

Accounts payable and accrued liabilities, amounts due to Van Hoof Industrial Holdings and amounts due to NSGold 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.

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.

Consolidation

The financial statements of the Company consolidate the accounts of the Company and its subsidiary Compañía Minera Oso Blanco ("CMOB"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. There are no non-controlling interests, therefore, all loss and comprehensive loss is attributable to the shareholders of the Company.

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

Capital management

The Company's capital structure consists of share capital, deficit and contributed surplus, which at December 31, 2014 totalled $249,895 (2013 - $441,135). 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.

Functional and presentation currency and foreign currency translation

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates and these consolidated financial statements are presented in Canadian dollars. The functional currency of all subsidiaries and the parent company are Canadian dollars. Foreign currency transactions are recorded at the foreign exchange rate in effect on the date of the transaction and gains and losses resulting from the settlement of such transactions are recorded in the consolidated statements of loss and comprehensive loss.

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 consolidated 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.

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.

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

Income taxes (continued)

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.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated.

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.

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.

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

Resource properties (continued)

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 property 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 property.

Related party transactions

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

New and amended standards adopted by the Company

The following standard has been adopted by the Company for the financial year which began on January 1, 2014:

i) *IFRIC 21, Levies*

IFRIC 21 "Levies" ("IFRIC 21") has been amended to require entities to recognize a liability when payment is triggered under the terms of the relevant legislation. The Company adopted IFRIC 21 on January 1, 2014 on a retrospective basis. The adoption of IFRIC 21 had no impact on these consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Accordingly, the Company expects to adopt these standards as set forth below.

i) IFRS 9, *Financial Instruments*

IFRS 9, "Financial instruments" ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement, to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

(expressed in Canadian dollars)

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

i) IFRS 9, *Financial Instruments* (continued)

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

4 Deposits and prepaid expenses

	December 31, 2014 $	December 31, 2013 $
Prepaid shareholder communication	–	2,250
Prepaid insurance	–	17,202
Rent deposit	–	2,030
	–	21,482

(expressed in Canadian dollars)

5 Resource properties

	Dios Padre $	Oso Blanco and Other $	Total $
Balance – December 31, 2012	3,518,305	148,539	3,666,844
Acquisition of resources properties	262,284	–	262,284
Exploration costs incurred	783,199	152,025	935,224
Write-down of resource properties	(4,563,788)	(9,539)	(4,573,327)
Balance – December 31, 2013	–	291,025	291,025
Exploration costs incurred	–	13,052	13,052
Balance – December 31, 2014	–	304,077	304,077

During 2013, the Company informed the Dios Padre property owner that it was terminating its option agreement. As a result, the Company recorded a write-down of its Dios Padre resource property in the amount of $4,563,788.

6 Accounts payable and accrued liabilities

	December 31, 2014 $	December 31, 2013 $
Accounts payable	90,961	66,698
Accrued liabilities	24,000	33,000
	114,961	99,698

7 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, 2014 $	December 31, 2013 $
Cash compensation and other benefits	21,000	40,000
Stock-based compensation	–	30,223
	21,000	70,223

Cash compensation and other benefits are included in consulting fees in the consolidated statements of loss and comprehensive loss.

As of December 31, 2014, $26,950 (2013 - $7,288) was due to this individuals.

(expressed in Canadian dollars)

8 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

Common shares issued and fully paid	# of shares	Amount $
Balance – December 31, 2012	45,679,571	5,588,999
Shares issued pursuant to resource property option agreement	250,000	11,250
Balance – December 31, 2013 and December 31, 2014	45,929,571	5,600,249

b) Escrowed shares

As at December 31, 2014, there are 2,031,458 (2013 – 6,049,374) common shares subject to escrow agreements.

c) Options

The Company has adopted a stock option plan for directors, officers, employees and consultants of the Company. 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 3 million to 4 million shares. 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. The maximum exercise period of the stock options is ten years.

During the year ended December 31, 2013, the Company granted 1,220,000 stock options with an exercise price of $0.10. These options vest immediately and expire in ten years. The fair value of these options was estimated using the Black-Scholes pricing model based on a volatility of 160%, risk-free rate of 1.4% and expected lives of 5 years with no dividend yield. This valuation resulted in total stock-based compensation for the year ended December 31, 2013 of $49,000 of which $11,000 was capitalized to mineral properties and $38,000 was expensed.

During the year ended December 31, 2014, the Company did not grant any stock options.

(expressed in Canadian dollars)

8 Share capital (continued)

c) Options (continued)

The following table summarizes the changes in the Company's stock options:

	Weighted average exercise price $	Number of Options	Weighted average remaining life (years)	Expiry date
Balance – December 31, 2012	–	1,390,000	7.3	March 31, 2022
Granted during the year	0.10	1,220,000	8.5	June 6, 2023
Balance – December 31, 2013	0.18	2,610,000	8.9	
Balance – December 31, 2014	0.18	2,610,000	7.9	

d) Contributed surplus

	December 31, 2014 $	December 31, 2013 $
Balance – Beginning of year	310,000	261,000
Stock-based compensation	–	49,000
Balance – End of year	310,000	310,000

9 Income taxes

At December 31, 2014, 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, 2014 $	December 31, 2013 $
Loss before income taxes	191,240	4,933,560
Income tax rate	31%	31%
Income tax recovery based on statutory rates	59,000	1,530,000
Non-deductible stock-based compensation	–	(12,000)
Unrecognized deferred tax assets	(59,000)	(1,518,000)
Provision for income taxes	–	–

(expressed in Canadian dollars)

9 Income taxes (continued)

Losses

The Company has Canadian non-capital tax losses of approximately $553,000 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows: $226,000 in 2032 and $263,000 in 2033 and $60,000 in 2034. The Company also has, Mexican non-capital tax losses of approximately $4,878,000 available for carry forward to reduce future years taxable income that expire as follows: $120,000 in 2022, $4,625,000 in 2023 and $133,000 in 2024. No deferred tax asset has been recognized for these losses as it is not probable that the related deferred tax asset will be realized.

10 Related party transactions

During the year ended December 31, 2014, the Company incurred legal fees aggregating $2,425 (2013 - $8,126) from a law firm of which one of the officers is a partner.

During the year ended December 31, 2014, the Company received advances from Van Hoof Industrial Holdings Ltd. aggregating $20,000. The advances are non-interest bearing and are payable upon demand.

11 Supplemental cash flow information

During the year ended December 31, 2014, the Company incurred expenditures on resource properties of $nil (2013 - $31,000) which were recorded as accounts payable at the end of the year. In 2013, the Company recorded the issuance of shares pursuant to resource property option payments in the amount of $11,250. These items are non-cash transactions and have been excluded from the consolidated statements of cash flows.

12 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 does not have sufficient working capital to carry out all budgeted programs in 2015 and must secure financing during 2015 to avoid disruption in planned expenditures (see note 1).

(expressed in Canadian dollars)

12 Financial instruments and other (continued)

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.

a) Interest rate risk

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

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada. In the future, based on the timing of the Company's exploration programs, foreign currencies may be purchased in advance of expenditures to lock in favourable rates in line with the Company's budgets, otherwise the Company does not use any form of hedging against fluctuations in foreign exchange.

As at December 31, 2014 and December 31, 2013, the Company held the following items in foreign currencies:

	December 31, 2014		December 31, 2013	
	USD	Pesos	USD	Pesos
	$	$	$	$
Cash and cash equivalents	–	6,713	–	4,629
Sales tax recoverable	–	602,413	–	1,458,759
Deposits and prepaid expenses	–	–	–	25,000
Accounts payable and accrued liabilities	29,425	434,529	14,173	73,611

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.

13 Subsequent event

Subsequent to December 31, 2014, 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.