

**Form 45-106F6**  
***British Columbia Report of Exempt Distribution***

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

**Issuer/underwriter information**

**Item 1: Issuer/underwriter name and contact information**

A. State the following:

Netco Silver Inc. (the “**Issuer**”)  
Suite 880 – 609 Granville Street  
Vancouver, BC V7Y 1G5  
Email: colin@canadiannexus.com  
Telephone: 604.683.7588  
Website: www.netcosilver.com

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter;
- the underwriter’s website address; and
- the address, telephone number and email address of the underwriter’s head office.

**Item 2: Reporting issuer status**

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The issuer is a reporting issuer in British Columbia and Alberta

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

Not Applicable

**Item 3: Issuer’s industry**

Indicate the industry of the issuer by checking the appropriate box below.

- |   |  |
|---|--|
| <input type="checkbox"/> Bio-tech                       | Mining   |
| <input type="checkbox"/> Financial Services             | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production              |
| <input type="checkbox"/> mortgage investment companies  | <input checked="" type="checkbox"/> Oil and gas  |
| <input type="checkbox"/> Forestry                       | <input type="checkbox"/> Real estate             |
| <input type="checkbox"/> Hi-tech                        | <input type="checkbox"/> Utilities               |
| <input type="checkbox"/> Industrial                     | <input type="checkbox"/> Other (describe)        |

#### Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

Not Applicable

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Not Applicable

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)

#### Details of distribution

##### Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

February 28, 2012, February 29, 2012 and March 2, 2012

##### Item 6: Number and type of securities

For each security distributed:

6,435,000 units. Each unit consists of one common share (each, a “**Share**”) and one-half of one non-transferable common share purchase warrant (each, a “**Warrant**”). 4,775,000 Warrants entitle the holder to acquire one Share (each, a “**Warrant Share**”) at a price of \$0.22 per Warrant Share until February 28, 2014 and 1,660,000 Warrants entitle the holder to acquire one Warrant Share at a price of \$0.22 per Warrant Share until March 2, 2014.

##### Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder’s fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	36	\$0.125	\$731,875
Ontario	1	\$0.125	\$12,500
United States	2	\$0.125	\$60,000
<b>Total number of Purchasers</b>	<b>39</b>		
<b>Total dollar value of distribution in all jurisdictions (Canadian \$)</b>			<b>\$804,375</b>

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

## Item 8: Information about purchasers

### Instructions

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus and Registration Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Shand Holdings Ltd. 6841 Adera Street Vancouver, BC V6P 5C2 Paul Worster Telephone: 604.263.7961	R	200,000	\$25,000	Section 2.3 of NI 45-106	2012-02-28

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Aban Holdings 998 Harbourside Drive, Unit 130 North Vancouver, BC V7P 3T2 Mohammad Zamanpour Telephone: unavailable	N/A	50,000	\$6,250	Section 2.3 of NI 45-106	2012-02-28
Wyoming Sage Fund LLC 703 Meckem Street Dubois, WY 82513-0699 Dustin Ralston Telephone: 307.455.2127	N/A	400,000	\$50,000	Section 2.3 of NI 45-106	2012-02-28
Sveinson Mineral Services Inc. 4655 Britannia Drive Richmond, BC V7E 6B1 Sandra Sveinson Telephone: 604.275.8017	N/A	200,000	\$25,000	Section 2.3 of NI 45-106	2012-02-28
Neon Rainbow Holdings Ltd. 21071 – 43A Avenue Langley, BC V3A 8K4 Allan Williams Telephone: 604.532.3010	N/A	100,000	\$12,500	Section 2.3 of NI 45-106	2012-02-28
Nalla Investment Ltd. 18 Mallory Crescent Toronto, ON M4G 3L5 Allan Folk Telephone: 416.596.4578	R	100,000	\$12,500	Section 2.3 of NI 45-106	2012-02-29
<b>Total</b>		<b>1,050,000</b>	<b>\$131,250</b>		

## Commissions and finder's fees

### Item 9: Commissions and finder's fees

#### Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Mackie Research Capital Corporation 564 – 1055 Dunsmuir Street Vancouver, BC V7X 1L4	R	\$4,200	28,000 Warrants <sup>(1)</sup>  5,600 Warrants <sup>(2)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-28  2012-02-29	\$4,200
Macquarie Private Wealth Inc. 500 – 550 Burrard Street Vancouver, BC V6C 2B5	R	\$1,750	14,000 Warrants <sup>(1)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-28	\$1,750
Raymond James Ltd. Suite 2200 – 925 West Georgia Street Vancouver,	R	\$14,000	112,000 Warrants <sup>(1)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-28	\$14,000
Haywood Securities Inc. 700 – 200 Burrard Street Vancouver, BC V6C 3L6	R	\$3,500	28,000 Warrants <sup>(1)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-28	\$3,500
Canaccord Genuity Corp. 2200 – 609 Granville Street Vancouver, BC V7Y 1H2	R	\$11,375	91,000 Warrants <sup>(2)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-29	\$11,375
NBCN ITF a/c #3CMZ0CA 1410 – 1010 Ru de la Gauchetiere Ouest Montreal, QB H3B 5J2	R	\$875	7,000 Warrants <sup>(2)</sup>	N/A	Section 2.3 of NI 45-106 2012-02-29	\$875

Union Securities Ltd. 900 – 700 West Georgia Street Vancouver, BC V7Y 1H4	R	\$4,375	35,000 Warrants <sup>(3)</sup>	N/A	Section 2.3 of NI 45-106 2012-03-02	\$4,375
<b>Total</b>		<b>\$40,075</b>	<b>320,600 Warrants</b>			<b>\$40,075</b>

- (1) Each Warrant entitles the holder to purchase one Share at a price of \$0.22 per Warrant Share until August 28, 2013.
- (2) Each Warrant entitles the holder to purchase one Share at a price of \$0.22 per Warrant Share until August 29, 2013.
- (3) Each Warrant entitles the holder to purchase one Share at a price of \$0.22 per Warrant Share until September 2, 2013.

## Certificate

On behalf of Netco Silver Inc., I certify that the statements made in this report are true.

Date: March 8, 2012

NETCO SILVER INC.

Name of issuer (please print)

Colin Bowkett, Director Telephone: 604.683.7588

Print name, title and telephone number of person signing

"Colin Bowkett"

Signature

### *Instruction*

*The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.*

### **Item 10: Contact information**

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

### **IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

### **Notice - Collection and use of personal information**

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

#### **British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre

701 West Georgia Street

Vancouver, British Columbia V7Y 1L2

Telephone: (604) 899-6500

Toll free across Canada: 1-800-373-6393

Facsimile: (604) 899-6581

## ***Guidance for completing and filing Form 45-106F6***

1. ***Required form in British Columbia*** - In British Columbia, file this report and the applicable fee using BCSC e-services in accordance with British Columbia Instrument 13-502 Electronic filing of reports of exempt distribution. If the distribution occurs in British Columbia and one or more other jurisdictions, the issuer is required to file this report in British Columbia and file Form 45-106F1 in the other applicable jurisdictions.
2. ***What is a distribution?*** - In British Columbia, “distribution” includes distributions made from British Columbia to purchasers resident in other Canadian or foreign jurisdictions if the issuer has a significant connection to British Columbia. If the issuer has a significant connection to British Columbia, complete the tables in item 8 and Schedules I and II for all purchasers.

*In British Columbia, “distribution” also includes distributions made from another Canadian or foreign jurisdiction to purchasers resident in British Columbia. If the issuer is from another Canadian or foreign jurisdiction, complete the tables in item 8 and Schedules I and II only for purchasers resident in British Columbia.*

3. ***What is a purchaser?*** - References to a purchaser in this report are to the beneficial owner of the securities.
4. ***What is an individual?*** - An individual is a natural person. A corporation, partnership, party, trust, fund, association, and any other organized group of persons is not an individual.
5. ***Space in tables*** - If the space provided in any table in this Form is insufficient, please adjust the table to include additional space.
6. ***Multiple distributions*** - One report may be used for multiple distributions occurring within 10 days of each other if the report is filed on or before the 10th day following the first of such distributions.
7. ***Fees*** - In order to determine the applicable fee, consult Fee Checklist British Columbia Form 11-901F (item # 16).