Novicius Corp.

(Formerly: Intelligent Content Enterprises Inc.)

**Interim Condensed Consolidated Financial Statements**
**For the Three Months Ended November 30, 2017**
**(Unaudited)**
**(Expressed in Canadian Dollars)**

**Notice of No Auditor Review of**
**Interim Condensed Consolidated Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of Novicius Corp. (the “Company”) have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Novicius Corp.

(Formerly: Intelligent Content Enterprises Inc.)

**Interim Condensed Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | November 30, 2017 | August 31, 2017 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | $ 3,147 | $ 1,040 |
| Other receivables (Note 11) | 46,276 | 41,007 |
| **Total current assets** | 49,423 | 42,047 |
| **Total Assets** | **$ 49,423** | $ 42,047 |
| **Liabilities and Shareholders' Deficiency** | | |
| **Current liabilities** | | |
| Trade and other payables | $ 578,649 | $ 529,823 |
| Shareholder loans (Note 7) | 35,000 | - |
| **Total current liabilities** | 613,649 | 529,823 |
| **Shareholders' deficiency** | | |
| Common shares (Note 9 a) | 23,651,529 | 23,651,529 |
| Share purchase warrants (Note 9 b) | 749,866 | 749,866 |
| Share purchase options (Note 9 d) | 1,662,578 | 1,611,450 |
| Contributed surplus | 5,184,363 | 5,184,363 |
| Accumulated deficit | (31,812,562) | (31,684,984) |
| **Total shareholders' deficiency** | (564,226) | (487,776) |
| **Total Liabilities and Shareholders' Deficiency** | **$ 49,423** | $ 42,047 |

Going Concern (Note 1 b)
Related Party Transactions and Balances (Note 7)
Subsequent Event (Note 12)

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

(Formerly: Intelligent Content Enterprises Inc.)

**Interim Condensed Consolidated Statements of Operations and Other Comprehensive Loss**
**For the three months ended November 30,**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | 2017 | 2016 |
|---|---|---|
| **Expenses** | | |
| Hosting, advertising and technology services | $ 1,604 | $ 4,192 |
| Research, content development and technology support | - | 172,353 |
| General and administrative | 73,276 | 183,905 |
| Loss on foreign exchange | 1,570 | 1,974 |
| Stock based compensation (Note 9 e) | 51,128 | 136,291 |
| Stock based compensation-non employees (Note 9 e) | - | 14,805 |
| Anti-dilution fees (Note 8 a) | - | 104,727 |
| **Net loss from operations and other comprehensive loss** | **$ (127,578)** | $ (618,247) |
| **Loss per share, basic and diluted** | **$ (0.024)** | $ (0.233) |
| **Weighted average shares outstanding, basic and diluted** | **5,283,164** | 2,650,181 |

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

(Formerly: Intelligent Content Enterprises Inc.)

**Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | SHARE CAPITAL Number of Common Shares* | SHARE CAPITAL COMMON SHARES $ | SHARE PURCHASE WARRANTS $ | SHARE PURCHASE OPTIONS $ | CONTRI-BUTED SURPLUS $ | ACCUMULATED DEFICIT $ | TOTAL SHARE-HOLDERS' DEFICIENCY $ |
|---|---|---|---|---|---|---|---|
| Balance, August 31, 2016 | 2,650,627 | 23,220,683 | 2,925,837 | 828,334 | 1,921,743 | (29,587,246) | (690,649) |
| Stock based compensation | - | - | - | 151,096 | - | - | 151,096 |
| Units issued as private placement | 7,692 | 30,233 | 19,767 | - | - | - | 50,000 |
| Net loss for the period | - | - | - | - | - | (618,247) | (618,247) |
| Balance, November 30, 2016 | 2,658,319 | 23,250,916 | 2,945,604 | 979,430 | 1,921,743 | (30,205,493) | (1,107,800) |
| Warrants expired | - | - | (2,195,738) | - | 2,195,738 | - | - |
| Stock based compensation | - | - | - | 1,698,902 | - | - | 1,698,902 |
| Stock options expired | - | - | - | (1,066,882) | 1,066,882 | - | - |
| Shares issued as settlement of shareholder advances | 1,187,672 | 213,781 | - | - | - | - | 213,781 |
| Shares issued as anti-dilution provision | 1,420,809 | 184,705 | - | - | - | - | 184,705 |
| Units issued as anti-dilution provision | 16,364 | 2,127 | - | - | - | - | 2,127 |
| Net loss for the period | - | - | - | - | - | (1,479,491) | (1,479,491) |
| Balance, August 31, 2017 | 5,283,164 | 23,651,529 | 749,866 | 1,611,450 | 5,184,363 | (31,684,984) | (487,776) |
| Stock based compensation | - | - | - | 51,128 | - | - | 51,128 |
| Net loss for the period | - | - | - | - | - | (127,578) | (127,578) |
| **Balance, November 30, 2017** | **5,283,164** | **23,651,529** | **749,866** | **1,662,578** | **5,184,363** | **(31,812,562)** | **(564,226)** |

***Reflects the May 26, 2017 one (1) for ten (10) consolidation**

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

(Formerly: Intelligent Content Enterprises Inc.)

**Interim Condensed Consolidated Statements of Cash Flows**
**For the Three Months Ended November 30,**
**(Expressed in Canadian Dollars)**
**Unaudited**

| | **2017** | 2016 |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| **Net loss** | $ (127,578) | $ (618,247) |
| Items not involving cash: | | |
| Stock based compensation (Note 9 e) | 51,128 | 151,096 |
| Anti-dilution fees (Note 8 a) | - | 104,727 |
| Working capital adjustments | | |
| Increase in other receivables | (5,269) | (2,304) |
| Decrease in prepaid expenses and deposits | - | 17,799 |
| Increase in trade and other payables | 48,826 | 13,687 |
| **Net cash used in operating activites** | (32,893) | (333,242) |
| | | |
| **Investing activities** | | |
| Secured note receivable (Note 6) | - | (87,269) |
| **Net cash used in investing activities** | - | (87,269) |
| | | |
| **Financing activities** | | |
| Shareholder loans (Note 7) | 35,000 | - |
| Private placement of units | - | 50,000 |
| **Net cash provided by financing activities** | 35,000 | 50,000 |
| | | |
| **Increase (decrease) in cash for the period** | 2,107 | (370,511) |
| **Cash, beginning of period** | 1,040 | 449,983 |
| **Cash, end of period** | **$ 3,147** | $ 79,472 |

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

## 1. a) Nature of Business

Novicius Corp., (formerly: Intelligent Content Enterprises Inc.) was amalgamated under the Business Corporations Act (*Ontario)* on November 30, 2009 ("Novicius" or the "Company"). The Company filed articles of amendment effective May 26, 2017, and changed its name from Intelligent Content Enterprises Inc., to Novicius Corp., and consolidated its common shares on the basis of one (1) new share for every ten (10) old shares. Through the Company's wholly owned Ontario subsidiary, DoubleTap Daily Inc., (formerly: Digital Widget Factory Inc.) the Company has developed an online content management and advertising platform that powers user and advertising engagement programs in real-time to desktop, mobile and portable devices (http://doubletap.co).

The Company's registered office is located at 1 King Street West, Suite 1505, Toronto, Ontario, M5H 1A1. The Company's common shares trade on the OTCQB under the symbol NVSIF and on the Canadian Securities Exchange under the symbol NVS.

The unaudited interim condensed consolidated financial statements include the accounts of Novicius, the legal parent, together with its wholly-owned subsidiaries, Ice Studio Productions Inc., incorporated in the Province of Ontario on June 16, 2016 ("ICE Studio") and DoubleTap Daily Inc., incorporated in the Province of Ontario on February 29, 2016 ("DoubleTap").

### b) Going Concern

These unaudited interim condensed consolidated financial statements (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company has developed its advertising platform and has not yet realized profitable operations. Previously, the Company was an Exploration and Evaluation company with interests in Alberta, Canada and Texas, USA. The Company requires additional financing for its working capital and for the costs of development, content creation and marketing of its platform.

Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, or other means of funding its operations, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

The Company has accumulated significant losses and negative cash flows from operations in recent years which raise doubt as to the validity of the going concern assumption. As at November 30, 2017, the Company has a working capital deficiency of $564,226 (August 31, 2016: $487,776) and an accumulated deficit of $31,812,562 (August 31, 2016: $31,684,984). These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. The Consolidated Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Consolidated Financial Statements.

## 2. Basis of Preparation

**Statement of Compliance**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by IFRIC. These unaudited interim condensed consolidated financial statements of the Company were approved by the Board of Directors January 18, 2018.

**Basis of Preparation**
The policies applied in these Consolidated Financial Statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these Consolidated Financial Statements as compared with the most recent annual consolidated financial statements as at and for the year ended August 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending August 31, 2018, could result in restatement of these Consolidated Financial Statements.

**Basis of Measurement**
The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

**Functional and Presentation Currency**
The functional and presentation currency of the parent Novicius and its wholly owned subsidiaries ICE Studio and DoubleTap is Canadian dollars.

## 3. Significant Accounting Policies

These Consolidated Financial Statements were prepared using the same accounting policies and methods as those described in our annual consolidated financial statements for the year ended August 31, 2017. These Consolidated Financial Statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Reporting Standards have been omitted or condensed. These Consolidated Financial Statements should be read in conjunction with our annual consolidated financial statements as at and for the year ended August 31, 2017.

**Significant Accounting Estimates and Judgements**
The preparation of the Consolidated Financial Statements in accordance with IFRS requires that management make estimates and assumptions and use judgment regarding the measured amounts of assets, liabilities and contingent liabilities at the date of the Consolidated Financial Statements and reported amounts of revenue and expenses during the reporting period. Such estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Consolidated Financial Statements are:

***Going Concern***
The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is an uncertainty regarding the Corporation's ability to continue as a going concern (Note 1 b).

***Fair value of financial instruments***
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

***Fair Value of Stock Based Compensation and Warrants***
In determining the fair value of share based payments the calculated amounts are not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options and compensation warrants before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option or warrant could receive in an arm's length transaction, given that there is no market for the options or compensation warrants and they are not transferable. Similar calculations are made in estimating the fair value of the warrant component of an equity unit. The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

***Fair Value of Derivative Liabilities***
The Company is exposed to risks related to changes in its share prices, foreign exchange rates, interest rate and volatility rates used to determine the estimated fair value of its derivative liabilities. In the determination of the fair value of these instruments, the Company utilizes certain independent values and, when not available, internal financial models which are based primarily on observable market data. Management's judgment is required in the development of these models. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, discount rates and dividend yield.

***Settlement of Debt with Equity Instruments***
Equity instruments issued to a creditor to extinguish a financial liability are measured at the fair value of the equity instruments at the date the financial liability is extinguished. The Company estimates the fair value of warrants using the Binomial Lattice pricing model and further assumptions including the expected life, volatility, discount rates and dividend yield. The fair value of the units comprising shares and warrants issued in connection with the extinguishment of a financial liability are then prorated to the total market value of the common shares.

***Income Tax***
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax‐related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

## 4. Recent Accounting Pronouncements and Recent Adopted Accounting Standards

***Recent Issued Accounting Pronouncements***
The following standards, amendments and interpretations, which may be relevant to the Company have been introduced or revised by the IASB:

(i) In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, and IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company intends to adopt IFRS 15 effective September 1, 2018, and is currently assessing the impact of this new standard on the Consolidated Financial Statements.

(ii) In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments – Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company does not intend to adopt the new standard prior to its effective date and has not yet determined the impact of this new standard on the Consolidated Financial Statements.

(iii) On January 13, 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which will replace IAS 17, Leases. IFRS 16 will bring leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is assessing the impact of this new standard on the Consolidated Financial Statements.

(iv) Amendments to IFRS 2 - Classification and measurement of Share-based payment transactions ("IFRS 2"):
On June 20, 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively, retrospectively, or early application is permitted if information is available without the use of hindsight. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

**(Expressed In Canadian Dollars) (Unaudited)**

The Company intends to adopt the amendments to IFRS 2 in its Consolidated Financial Statements for the annual period beginning on September 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRIC 22 – Foreign currency transactions and advance consideration: IFRIC was issued in December 2016 to provide guidance on accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The new interpretation is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the interpretation on its consolidated financial statements.

## 5. Segmented Information

The accounting policies used for the reportable segments are the same as the Company's accounting policies. For the purposes of monitoring segment performance and allocating resources between segments, the Company's executive officers monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. The Company's reportable and geographical segment is located in Canada.

## 6. Secured Note Receivable

On May 25, 2016, the Company entered into a Term Sheet to license to acquire all the technology, production and client operations owned and operated by New York based Catch Star Studios LLC ("Catch Star"). On October 12, 2016, the Company advanced US$65,000 ($81,483 as at August 31, 2017) to Catch Star and entered into a Secured Promissory Note and General Security Agreement with Catch Star (the "Secured Note"). The Secured Note is due on demand and is secured by all of the assets of Catch Star. Subsequently, Catch Star and the Company could not reach a definitive agreement to memorialize the terms and conditions of the Term Sheet and abandoned the prospective transaction. On February 1, 2017, the Company issued a letter of demand for the repayment in full of the Secured Note from Catch Star. At August 31, 2017, the Company determined that the Secured Note was uncollectible and recorded an impairment of the full amount.

## 7. Related Party Transactions and Balances

The following transactions with individuals related to the Company arose in the normal course of business have been accounted for at the amount agreed to by the related parties.

**Compensation of Key Management Personnel**
The remuneration of directors and other members of key management personnel during the periods set out were as follows:

| | **Three Months Ended November 30** | |
|---|---|---|
| | **2017** | 2016 |
| Short term employee benefits (1) (2) | $15,000 | $15,000 |
| Director/Officer stock based compensation (3) | 51,128 | 136,291 |
| | **$66,128** | $151,291 |

The following balances owing to the President and Chief Financial Officer of the Company are included in trade and other payables and are unsecured, non-interest bearing and due on demand:

| | **November 30, 2017** | August 31, 2017 |
|---|---|---|
| Short term employee benefits (1) (2) | $116,500 | $101,500 |
| | **$116,500** | $101,500 |

(1) The Company accrues management fees to the Chief Financial Officer of the Company at a rate of $5,000 per month.
(2) On September 9, 2016, the Company entered into an employment agreement with the President of the Company under which the Company agreed to pay to the President, a base salary of $90,000 and grant one hundred thousand (100,000) common share purchase options (Note 9 e). Effective May 21, 2017, the Company and the President agreed to amend the terms of the employment agreement, by reducing the President's base salary to $10.00 annually, allowing the President to contract his services to Torinit contemporaneous with his continued employment with the Company and providing a top up provision of up to $1,500 in a month from the Company if the gross compensation earned by the President from Torinit during June, July and August of 2017 (the "Period"), reduces the overall compensation earned by the President below $7,500 in any such month during the Period.
(3) On September 9, 2016 and November 1, 2016, the Company granted options to purchase 130,000 and 50,000 common shares to officers and directors (Note 9 e).

**(Expressed In Canadian Dollars) (Unaudited)**

On September 1, 2016, the Company entered into an agreement for a period of 12 months with Torinit Technologies Inc., ("Torinit") to provide dedicated resource augmentation to DoubleTap in an effort to optimize user experience while navigating through the http://DoubleTap.co website and drive traffic growth by engaging users across all demographics (the "Torinit Services"). As consideration for the Torinit Services, the Company agreed to compensate Torinit the sum of $8,000 per month based on 320 hours per month for a 12 month period. Dikshant Batra, a director of the Company, is also the President, a director and major shareholder of Torinit. As at November 30, 2017 and August 31, 2017, included in trade and other payables is $23,961 due to Torinit.

As at November 30, 2017, the amount of directors' fees included in trade and other payables was $10,600 (August 31, 2017: $10,200).

As at November 30, 2017, the Company had shareholder loans payable to Core Energy Enterprises Inc. ("Core") in the aggregate amount of $35,000 (August 31, 2017: $Nil). The Chief Financial Officer of the Company is a major shareholder, officer and a director of Core.

## 8. Derivative Liabilities

As at November 30, 2017, the Company had no derivative liabilities (August 31, 2017: $Nil).

### a) Anti-Dilution Fees

On August 31, 2016, the Company completed private placements for gross proceeds of $260,000 and issued 23,636 units in the capital of the Company at a purchase price of $11.00 per unit. The subscription agreements contained an anti-dilution provision such that if within 18 months of August 31, 2016, the Company issues additional common shares for a consideration per share or with an exercise or conversion price per share, less than $11.00 (the "Adjusted Price") the Holder shall be entitled to receive from the Company (for no additional consideration) additional units in an amount such that, when added to the number of units acquired by Holder under this agreement will equal the number of units that the Holder would otherwise be entitled to receive had this transaction occurred at the Adjusted Price. On November 30, 2016, the Company completed a private placement for gross proceeds of $50,000 and issued 7,692 units in the capital of the Company at a purchase price of $6.50 per unit and accordingly this transaction gave effect to additional units to be issued pursuant to the Adjusted Price. At November 30, 2016, the Company recorded the additional 16,363 units to be issued at the market price of $6.40 per unit or $104,727 as a derivative liability on the statement of financial position and as anti-dilution fees on the statement of operations (Note 9 c and Note 9 d).

### b) Warrants

As at November 30, 2016, the Company had 175,000 derivative warrants outstanding with a fair value of $Nil. The following table sets out the changes in derivative warrant liabilities during the respective periods.

| | Number of Warrants | Fair Value Assigned $ | Average Exercise Price $ |
|---|---|---|---|
| As at August 31, 2016 and November 30, 2016 | 175,000 | - | 15.00 |
| Warrants expired (Note a) | (175,000) | - | 15.00 |
| As at August 31, 2017 and November 30, 2017 | - | - | 15.00 |

a) On June 22, 2016, the Company entered into a consulting agreement and issued 175,000 common share purchase warrants exercisable at $15.00 with a cashless exercise option, vesting on October 1, 2016, January 1, 2017, April 1, 2017 and July 1, 2017 and expiring June 21, 2021. At August 31, 2016, the Company determined that it would not continue with the agreement and it was suspended and on January 15, 2017 the agreement was mutually terminated with no warrants exercised. The following table sets out the number of derivative warrants outstanding as at August 31, 2016:

| Number of Warrants | Exercise Price ($) | Expiry Date | Weighted Average Remaining Life (Years) | Fair Value ($) |
|---|---|---|---|---|
| 175,000 | 15.00 | January 15, 2017 | 0.13 | - |

## 9. Share Capital and Reserves

The Company filed articles of amendment effective May 26, 2017, and changed its name from Intelligent Content Enterprises Inc., to Novicius Corp., and consolidated its common shares on the basis of one (1) new share for every ten (10) old shares. The consolidated financial statements have been adjusted to reflect the consolidation accordingly.

**(Expressed In Canadian Dollars) (Unaudited)**

**a) Share Capital**

***Authorized:***
Unlimited number of common shares at no par value
Unlimited number of preferred shares issuable in series

***Common Shares Issued:***
The following table sets out the changes in common shares during the respective periods:

| | Number | Amount $ |
|---|---|---|
| Balance August 31, 2016 | 2,650,627 | 23,220,683 |
| Common shares issued as private placement (Note 9 b (a)) | 7,692 | 30,233 |
| Common shares issued as settlement of shareholder advances (Note 9 b (b)) | 1,187,672 | 213,781 |
| Common shares issued as anti-dilution provision (Note 9 b (c)) | 1,420,809 | 184,705 |
| Common shares issued as anti-dilution provision (Note 9 b (d)) | 16,364 | 2,127 |
| **Balance August 31, 2017 and November 30, 2017** | **5,283,164** | **23,651,529** |

***Preferred Shares Issued:***
As at November 30, 2017 and August 31, 2017, there were no preferred shares issued.

**b) Share Purchase Warrants**

The following table sets out the changes in warrants during the respective periods:

| **Warrants** | **Number of Warrants** | **Weighted Average Price** |
|---|---|---|
| Outstanding, August 31, 2016 | 722,572 | $8.60 |
| Warrants issued (Note 9 b (a)) | 7,692 | - |
| Warrants issued (Note 9 b (d)) | 16,364 | - |
| Warrants expired (Note 9 b (e)) | (538,417) | - |
| **Balance, August 31, 2016 and November 30, 2017** | **208,211** | **$5.27** |

(a) On November 30, 2016, the Company completed private placements for gross proceeds of $50,000 and issued 7,692 units in the capital of the Company at a purchase price of $6.50 per unit. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $10.00 until November 30, 2019. The fair value of the units ($50,000) was allocated to common shares $30,233 and the amount allocated to warrants component using a Binomial Lattice model was $19,767.

(b) Effective August 31, 2017, the Company settled shareholder advances of $213,781 and issued 1,187,672 common shares in the capital of the Company at a price of $0.18 per share.

(c) Pursuant to the August 31, 2017, settlement of shareholder advances of $213,781 (Note 9 b (b), effective August 31, 2017, the Company issued 1,420,809 common shares in the capital of the Company pursuant to the anti-dilution provision of the August 31, 2016, private placement agreements. The fair value of $184,705 was calculated on the previous day's closing price of the Company's common shares and allocated to common shares and anti-dilution fees in the consolidated statement of operations (Note 8 a).

(d) Pursuant to the November 30, 2016, private placement of $50,000 (Note 11 b (h), effective August 31, 2017, the Company issued 16,364 Units in the capital of the Company pursuant to the anti-dilution provision of the August 31, 2016, private placement agreements. Each unit is comprised of one (1) common share and one (1) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) common share at an exercise price of $10.00 until November 30, 2019. The fair value of the units of $2,127 was allocated to common shares and anti-dilution fees in the consolidated statement of operations. No value was allocated to warrants based on the Binomial Lattice model (Note 8 a).

(e) On August 31, 2017, 538,417 common share purchase warrants exercisable at $10.00 expired. The amount allocated to warrants based on the Binomial Lattice model was $2,195,738 with a corresponding increase to contributed surplus.

**(Expressed In Canadian Dollars) (Unaudited)**

The following table summarizes the outstanding warrants as at November 30, 2017 and August 31, 2017, respectively:

| Number of Warrants | Exercise Price | Expiry Date | Weighted Average Remaining Life (Years) | Warrant Value ($) |
|---|---|---|---|---|
| 160,519 | $3.50 | March 1, 2019 | 1.25 | 603,370 |
| 23,636 | $12.50 | August 31, 2019 | 1.75 | 126,729 |
| 24,056 | $10.00 | November 30, 2019 | 2.00 | 19,767 |
| **208,211** | | | **1.39** | **749,866** |

| Number of Warrants | Exercise Price | Expiry Date | Weighted Average Remaining Life (Years) | Warrant Value ($) |
|---|---|---|---|---|
| 160,519 | $3.50 | March 1, 2019 | 1.50 | 603,370 |
| 23,636 | $12.50 | August 31, 2019 | 2.00 | 126,729 |
| 24,056 | $10.00 | November 30, 2019 | 2.25 | 19,767 |
| **208,211** | | | **1.64** | **749,866** |

**c) Weighted Average Shares Outstanding**

The following table summarizes the weighted average shares outstanding:

| | November 30, 2017 | November 30, 2016 |
|---|---|---|
| Weighted Average Shares Outstanding, basic and diluted | **5,283,164** | 2,650,181 |

As at November 30, 2017, there were 155,000 stock options and 208,211 common share purchase warrants that could be exercised, however they are anti-dilutive. The effects of any potential dilutive instruments on loss per share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

**d) Share Purchase Options**

The Company has a stock option plan to provide incentives for directors, officers, employees and consultants of the Company. The maximum number of shares, which may be set aside for issuance under the stock option plan, is 20% of the issued and outstanding common shares of the Company on a rolling basis.

The following table is a summary of the status of the Company's stock options and changes during the period:

| | Number of Options | Weighted Average Exercise Price $ |
|---|---|---|
| Balance, August 31, 2016 | 38,300 | 22.80 |
| Granted | 200,000 | 12.05 |
| Expired | (83,300) | (13.63) |
| **Balance, August 31, 2017 and November 30, 2017** | **155,000** | **13.87** |

The following table is a summary of the Company's stock options outstanding and exercisable as at November 30, 2017 and August 31, 2017, respectively:

| Options Outstanding | | | | Options Exercisable | |
|---|---|---|---|---|---|
| Exercise Price | Number of Options | Weighted Average Remaining Life (Years) | Expiry Date | Number of Options | Weighted Average Exercise Price $ |
| $12.00 | 5,000 | 1.95 | November 11, 2019 | 5,000 | 0.39 |
| $15.00 | 70,000 | 3.78 | September 8, 2021 | 35,000 | 6.77 |
| $13.00 | 80,000 | 3.78 | September 8, 2021 | 80,000 | 6.71 |
| | **155,000** | **3.72** | | **85,000** | **13.87** |

**(Expressed In Canadian Dollars) (Unaudited)**

| Options Outstanding | | | | Options Exercisable | |
|---|---|---|---|---|---|
| **Exercise Price** | **Number of Options** | **Weighted Average Remaining Life (Years)** | **Expiry Date** | **Number of Options** | **Weighted Average Exercise Price $** |
| $12.00 | 5,000 | 2.20 | November 11, 2019 | 5,000 | 0.39 |
| $15.00 | 70,000 | 4.02 | September 8, 2021 | 35,000 | 6.77 |
| $13.00 | 80,000 | 4.02 | September 8, 2021 | 80,000 | 6.71 |
| | **155,000** | **3.95** | | **85,000** | **13.87** |

**e) Stock Based Compensation**

***Employees***

On September 9, 2016, the Company granted 30,000 immediately vesting common share purchase options to shares to a director and 30,000 common share purchase options vesting February 6, 2017 to the President. These options are exercisable at $13.00 per share and expire on September 8, 2021. The Company recorded non-cash stock based compensation expense of $44,416.

On September 9, 2016, the Company granted to the President 70,000 common share purchase options exercisable at $15.00 per share and expiring on September 8, 2021. Of these options 35,000 vested on September 8, 2017 and 35,000 vest on September 8, 2018. At November 30, 2017, Company recorded non-cash stock based compensation expense of $51,128 (November 30, 2016: $50,897).

On November 1, 2016, the Company granted 50,000 common share purchase options vesting March 30, 2017 to the former Chief Financial Officer. These options are exercisable at $6.40 per share and expire on April 25, 2017. The Company recorded non-cash stock based compensation expense of $40,978.

***Non Employees***

On September 9, 2016, the Company granted 20,000 immediately vesting common share purchase options to a consultant of the Company. These options are exercisable at $13.00 per share and expire on September 8, 2021. The Company recorded non-cash stock based compensation expense of $14,805.

The fair value of the stock options granted were estimated on the date of the grant using the Black Scholes option pricing model with the following assumptions and inputs:

| | November 1, 2016 | September 9, 2016 |
|---|---|---|
| Weighted average fair value per option | $5.90 | $11.70 |
| Weighted average risk free interest rate | 0.68% | 0.59% |
| Forfeiture rate | 0% | 0% |
| Weighted average expected volatility | 156.70% | 152.32% |
| Expected life (years) | 5 | 5 |
| Dividend yield | Nil | Nil |
| Stock price on the date of grant | $6.40 | $12.90 |

## 10. Non-Cash Transactions

The following table summarizes the non-cash transactions for the periods set out:

| **Non-cash transactions** | **November 30, 2017 ($)** | November 30, 2016 ($) |
|---|---|---|
| Stock based compensation (Note 9 e) | 51,128 | 151,096 |
| Units to be issued as anti-dilution provision (Note 8 a) | - | 104,727 |

## 11. Financial Instruments and Concentration of Risks

Financial instruments are measured at fair value on initial recognition of the instrument. The types of risk exposure to the Company's financial instruments and the ways in which such exposures are managed are as follows:

**Credit Risk**
Credit risk is primarily related to the Company's receivables and cash and the risk of financial loss if a partner or counterparty to a financial instrument fails to meet its contractual obligations. At November 30, 2017, trade and other receivables amounts are $Nil (August 31, 2017: $Nil). At August 31, 2017, included in other receivables is HST due from the Government of Canada in the amount of $46,276 (August 31, 2017: $41,007).

Concentration risk exists in cash because cash balances are maintained with one financial institution. The risk is mitigated because the financial institution is an international bank and all amounts are due on demand. The Company's maximum exposure to credit risk is as follows:

| | November 30, 2017 ($) | August 31, 2017 ($) |
|---|---|---|
| Cash | 3,147 | 1,040 |
| Balance | 3,147 | 1,040 |

**Liquidity Risk**
The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned opportunities or that viable options are available to fund such opportunities from new equity issuances or alternative sources of financings. As a company without significant revenue, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that such financing terms may not be acceptable to the Company.

The following table illustrates the contractual maturities of financial liabilities:

| **November 30, 2017** | **Payments Due by Period $** | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Trade and others payables | 578,649 | 578,649 | - | - | - |
| Shareholder loans | 35,000 | 35,000 | | | |
| **Total** | 613,649 | 613,649 | - | - | - |

| August 31, 2017 | Payments Due by Period $ | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Trade and others payables | 529,823 | 529,823 | - | - | - |
| Total | 529,823 | 529,823 | - | - | - |

**Market Risk**
Market risk represents the risk of loss that may impact the Company's financial position, results of operations, or cash flows due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, and other relevant market or price risks. The Company does not use derivative instruments to mitigate this risk.

***(i) Currency Risk***
The Company is exposed to the fluctuations in foreign exchange rates. The Company operates in Canada and a portion of its expenses are incurred in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar could have an effect on the Company's financial instruments. The Company does not hedge its foreign currency exposure.

The following assets and liabilities are denominated in US dollars as at the year-end set out below:

| | **November 30, 2017 ($)** | November 30, 2016 ($) |
|---|---|---|
| Cash | 16 | 4,650 |
| Trade and other payables | (54,035) | (35,806) |
| Net assets (liabilities) denominated in US$ | (54,019) | (31,156) |
| Net assets (liabilities) CDN dollar equivalent at period end [(1)] | (69,620) | (41,830) |

(1) Translated at the exchange rate in effect at November 30, 2017 $1.2888 (November 30, 2016: $1.3426)

The following table shows the estimated sensitivity of the Company's total loss for the periods set out from a change in the US dollar exchange rate in which the Company has exposure with all other variables held constant.

| | **November 30, 2017** | | November 30, 2016 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Percentage change in US Dollar | In total loss from a change in % in the US Exchange Rate ($) | | In total loss from a change in % in the US Exchange Rate ($) | |
| 5% | (4,486) | 4,486 | (2,808) | 2,808 |
| 10% | (8,973) | 8,973 | (5,616) | 5,616 |
| 15% | (13,459) | 13,459 | (8,424) | 8,424 |

***(ii) Interest Rate Risk***

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The majority of the Company's debt is short-term in nature with fixed rates.

***(iii) Fair Value of Financial Instruments***

The Company's financial instruments included on the consolidated statements of financial position are comprised of cash, secured note receivable and trade and other payables. The Company classifies the fair value of financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument.

• Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

• Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

• Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

| | | **November 30, 2017** | | August 31, 2017 | |
|---|---|---|---|---|---|
| **Financial Instrument Classification** | Level | Carrying Value ($) | Fair Value ($) | Carrying Value ($) | Fair Value ($) |
| **Fair value through profit or loss:** | | | | | |
| Cash | 1 | 3,147 | 3,147 | 1,040 | 1,040 |
| **Other financial liabilities:** | | | | | |
| Trade and other payables | | 578,649 | 578,649 | 529,823 | 529,823 |
| Shareholder loans | | 35,000 | 35,000 | - | - |

Cash is stated at fair value (Level 1 measurement). The carrying value of trade and other payables and shareholder loans approximate their fair value due to the short-term maturity of these financial instruments.

**Capital Management**

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity and flexibility to fund its operations, growth and ongoing development opportunities. The Company's capital requirements currently exceed its operational cash flow. As such, the Company is dependent upon future financings in order to maintain liquidity and will be required to issue equity or issue debt.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, availability of capital and the risk characteristics of any underlying assets in order to meet current and upcoming obligations.

The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management and favourable market conditions to sustain future development of the business. As at November 30, 2017 and August 31, 2017, the Company considered its capital structure to be comprised of shareholders' deficiency.

## 12. Subsequent Events

Subsequent to November 30, 2017, the Company received a non interest bearing due on demand loan of US $20,000.