Novicius Corp.

(Formerly: Intelligent Content Enterprises Inc.)

Management's Discussion and Analysis
For the year ended
August 31, 2018

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OVERVIEW

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. The Company filed articles of amendment effective February 1, 2016, and changed its name from Eagleford Energy Corp., to Intelligent Content Enterprises Inc., 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 540 Richmond Street West, Toronto, Ontario, M5V 1X2. The Company's common shares trade on OTCQB under the symbol NVSIF and on the Canadian Securities Exchange under the symbol NVS.

The 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 incorporated in the Province of Ontario on February 29, 2016.

Effective February 29, 2016, the Company disposed of its investment in 1354166 Alberta Ltd., a company operating in the province of Alberta ("1354166 Alberta"). The Company's former subsidiaries, Eagleford Energy, Zavala Inc., a Nevada company ("Zavala Inc."), and its' wholly owned subsidiary EEZ Operating Inc., a Texas company ("EEZ Operating") were disposed of effective August 31, 2015.

The following Management's Discussion and Analysis of Novicius should be read in conjunction with the Company's Audited Consolidated Financial Statements for the year ended August 31, 2018 and notes thereto. The Company's Audited Consolidated Financial Statements for the years ended August 31, 2018, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). All amounts herein are presented in Canadian dollars, unless otherwise noted. This Management's Discussion and Analysis is dated December 31, 2018 and has been approved by the Board of Directors of the Company.

Our Canadian public filings can be accessed and viewed via the System for Electronic Data Analysis and Retrieval ("SEDAR") at www.sedar.com. Readers can also access and view our Canadian public insider trading reports via the System for Electronic Disclosure by Insiders at www.sedi.ca. Our U.S. public filings are available at the public reference room of the U.S. Securities and Exchange Commission ("SEC") located at 100 F Street, N.E., Room 1580, Washington, DC 20549 and at the website maintained by the SEC at www.sec.gov.

FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such risks and uncertainties include, without limitation, risks associated with ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that the Company will derive there from. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this Management Discussion and Analysis are made as at the date of this Management Discussion and Analysis and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

OVERALL PERFORMANCE

For the year ended August 31, 2018, net loss from continuing operations was $516,323 compared to a net loss from continuing operations of $2,097,738 for year ended August 31, 2017. The decrease in net loss during 2018, was primarily related to the Company decrease in expenses of $1,602,203 from $2,118,526 in 2017 to $516,323 in 2018. The main components of the net loss are as follows:

- During fiscal 2018, the Company experienced a decrease in employee stock-based compensation of $1,410,094 to $204,511 versus stock-based compensation expense of $1,614,605 during fiscal 2017. During 2017, the Company granted 150,000 stock options to officers and a director. As only 70,000 of the options continued to vest during fiscal 2018, stock-based compensation expense was reduced significantly in fiscal 2018 when compared to fiscal 2017.
- In addition, share purchase options that were granted on September 9, 2016 to a consultant (non-employee) of the Company, were recorded as non-cash stock-based compensation expense of $235,393 on August 31, 2017. There were no other transactions of this nature in 2018 as the options fully-vested in fiscal 2017.
- During fiscal 2017, prior obligations of the Company's former defunct subsidiary Dyami Energy, LLC ("Dyami Energy") expired and the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990.
- The Company recorded $Nil for research, content development and technology support costs in 2018 compared to $313,106 for 2017. The Company had no such activities during fiscal 2018.
- General and administrative expenses decreased by $203,361 from $508,241 in 2017 to $304,880 in 2018 due to decreases primarily in legal and accounting fees, shareholder information, rent and transfer fees.
- The Company incurred anti-dilution fees of $186,832 in 2017 ($NIL for 2018), with respect to the issuance of shares and warrants pursuant to anti-dilution provisions of private placements completed during the 2016 and 2017 fiscal years
- During fiscal 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the current fiscal period of 2018. There were no such transactions during fiscal 2018.
- Hosting, advertising and technology services decreased by $68,559 from $71,423 in 2017 to $2,864 for the same period in 2018 as a result of a general scale-back of the Company's operations

During 2018, the Company received a non-interest bearing, due on demand shareholders loans of $79,910.

The Company anticipates further expenditures to be made on future opportunities evaluated by the Company. Any expenditure which exceeds available cash will be required to be funded by additional share capital or debt issued by the Company, or by other means. The Company's long-term profitability will depend upon its ability to successfully implement its business plan. The Company's past primary source of liquidity and capital resources has been proceeds from the issuance of share capital, shareholders' loans and cash flow from oil and gas operations.

RISK AND UNCERTAINTIES

The Company is subject to several risk factors which may have adverse effects on our business which could harm our operating results including, but not limited to: the ability to generate and aggregate compelling content to increase the number of users of our services or users' level of engagement with our services; the effect of technologies, tools, software, and applications could block our advertisements, impair our ability to deliver interest-based advertising, or shift the location in which advertising appears; changes in regulations or user concerns regarding privacy and protection of user data; continued and unimpeded access to the internet by us and our users. Internet access providers may be able to block, degrade, or charge for access to certain of our products and services, which could lead to additional expenses and the loss of users and advertisers and certain of our metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

As the Company has not experienced any cash flow from operations to independently finance its growth and operations, it has been reliant on access to capital in the form of both debt and equity to fund on-going operations and to fund capital investments. Although periodic volatility of financial and capital markets may severely limit access to capital, the Company has been able to attract the required investment capital in the past however no assurances can be made that it will continue to do so in the future.

The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Company also cautions readers not to place undue reliance on these forward-looking statements. Moreover, the forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives and projections other than those mentioned above (For additional risk factors, please see the Company's Annual Information Form filed on Form 20F).

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 August 31, 2018, trade and other receivables amounts are $Nil (August 31, 2017: $Nil). At August 31, 2018, included in other receivables is HST due from the Governemnt of Canada in the amount of $4,137 (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:

	August 31, 2018 ($)	August 31, 2017 ($)
Cash	28,906	1,040
Balance	28,906	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:

August 31, 2018	**Payments Due by Period $**				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	703,306	703,306	-	-	-
Shareholder loans	79,910	79,910	-	-	-
Advances from related party	49,415	49,415	-	-	-
Total	832,631	832,631	-	-	-

August 31, 2017	Payments Due by Period $				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other 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:

	August 31, 2018 ($)	August 31, 2017 ($)
Cash	643	77
Prepaid expenses and deposits	-	-
Trade and other payables	(39,640)	(38,777)
Net assets (liabilities) denominated in US$	(38,997)	(38,700)
Net assets (liabilities) CDN dollar equivalent at period end [1]	(50,910)	(48,514)

(1) Translated at the exchange rate in effect at August 31, 2018 $1.3055 (August 31, 2017 $1.2536)

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.

	August 31, 2018		August 31, 2017	
	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%	(3,323)	3,323	(3,041)	3,041
10%	(6,646)	6,646	(6,082)	6,082
15%	(9,969)	9,969	(9,123)	9,123

(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, advance from related party, trade and other payables shareholder loans. 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.

		August 31, 2018		August 31, 2017	
Financial Instrument Classification	Level	Carrying Value ($)	Fair Value ($)	Carrying Value ($)	Fair Value ($)
Fair value through profit or loss:					
Cash	1	28,906	28,906	1,040	1,040
Other financial liabilities:					
Trade and other payables		703,306	703,306	529,823	529,823
Shareholder loans		79,910	79,910	-	-
Advances from related party		49,415	49,415	-	-

Cash is stated at fair value (Level 1 measurement). The carrying value of trade and other payables, shareholder loans and advances from related party 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 August 31, 2018 and 2017, the Company considered its capital structure to be comprised of shareholders' deficiency.

SELECTED ANNUAL INFORMATION-CONTINUING OPERATIONS

The following table reflects the summary of results for the years set out.

	For the Years Ended August 31		
	2018 $	2017 $	2016 $
Revenue	-	20,788	-
Net income (loss) from continuing operations	(516,323)	(2,097,738)	(13,534,298)
Income (loss) per share from continuing operations, basic	(0.098)	(0.788)	(6.516)
Income (loss) per share from continuing operations, diluted	(0.098)	(0.788)	(6.516)
Assets	33,043	42,047	482,582

August 31, 2018 – 2017

For the year ended August 31, 2018, the net loss from continuing operations was $516,323, compared to a net loss from continuing operations of $2,097,738 for year ended August 31, 2017. The decrease in the net loss during 2018 was primarily related to a decrease in employee stock-based compensation of $1,410,094. . During 2017, the Company granted 150,000 stock options to officers and a director. As only 70,000 of the options continued to vest during fiscal 2018, stock-based compensation expense was reduced significantly in fiscal 2018 when compared to fiscal 2017. There was a decrease in non-cash stock based compensation expense related to non-employee share purchase options granted to a consultant from 2017 to 2018 of $235,393. No such options were granted during fiscal 2018. A gain of $893,990 was recorded in fiscal 2017 on the de-recognition of financial liabilities, however there were no such charges during fiscal 2018. This was related to the expiration of prior obligations of the Company's former defunct subsidiary Dyami Energy, LLC. There was a decrease in research, content development and technology support costs of $313,106 as these were costs only incurred in fiscal 2017. General and administrative expenses also decreased by $203,361 from $508,241 in 2017 to $304,880 in 2018 because of reduced legal costs related to the settlement of debt, along with reduced expenses for shareholder information and transfer fees. The Company incurred anti-dilution fees of $186,832 in 2017 ($NIL for 2018), with respect to the issuance of shares and warrants pursuant to anti-dilution provisions of private placements completed during the 2016 and 2017 fiscal years. In 2017, the Company incurred an impairment loss of $81,483 on a secured note receivable compared to impairment losses of $NIL in the current fiscal period of 2018. The Company incurred less expense for hosting, advertising and technology services in 2018 creating a decrease in expenses of $68,559 from $71,423 in 2017, to $2,864 for 2018.

August 31, 2017 – 2016

For the year ended August 31, 2017, net loss from continuing operations was $2,097,738 compared to a net loss from continuing operations of $13,534,298 for year ended August 31, 2016. The decrease in net loss during 2017, was primarily related to a loss on settlement of debt of $Nil compared to $12,489,249 in fiscal 2016. The loss on settlement of debt during fiscal 2016 was primarily attributed to the issuance of 1,032,998 units in the capital of the Company at fair value pursuant to the anti-dilution provisions of the August 30, 2014, debt conversion agreements and the issuance of 954,311 common shares of the Company at fair value as settlement of loans and interest due in the amount of $1,262,453. In addition, during fiscal 2017, the Company experienced an increase in stock-based compensation of $1,234,074 to $1,849,998 versus stock-based compensation expense of $615,924 during fiscal 2016. The increase in stock-based compensation expenses is largely related to increase in allotments, changes in share prices and assumptions used in the fair value calculation of stock options. During fiscal 2017, prior obligations of the Company's former defunct subsidiary Dyami Energy, LLC ("Dyami Energy") expired and the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990. Also, in the current period the Company recorded a loss on marketable securities of $Nil versus $120,125 for the same twelve-month period in fiscal 2016. During fiscal 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the prior fiscal period in 2016.

RESULTS OF OPERATIONS-CONTINUING OPERATIONS

Revenue

Advertising Revenue

For the year ended August 31, 2018, there no advertising revenue was earned compared to $20,788 for the same twelve-month period ended August 31, 2017. The decrease in advertising revenue for the current period is a result of the development of the Company's online management and advertising platform (http://doubletap.co) during fiscal 2017 that was not carried over to fiscal 2018.

Natural Gas Sales

Natural gas sales were $Nil for the years ended August 31, 2018 and 2017. Effective February 29, 2016, the Company disposed of its interest in 1354166 Alberta and as a result, its operations were deconsolidated from the Company's Consolidated Financial Statements and presented as discontinued operations on the Consolidated Statements of Operations and Comprehensive Loss and the Consolidated Statements of Cash Flows.

Research, Content Development and Technology Support

For the year ended August 31, 2018, the Company did not incur research, content development and technology support compared to $313,606 incurred in 2017 and $160,519 in 2016. The decrease in research, content development and technology support costs were related to the development of the Company's online management and advertising platform (http://doubletap.co) during fiscal 2016 and 2017.

Hosting, Advertising and Technology Services
For the year ended August 31, 2018, the Company incurred hosting and technology costs of $2,864 compared to $71,423 for the year ended August 31, 2017 (2016: $45,272). The decrease in hosting and technology costs experienced in current fiscal year 2018, was a result of the development of the Company's online management and advertising platform (http://doubletap.co) during fiscal 2017.

General and Administrative	**For the Years Ended August 31,**		
	2018	**2017**	**2016**
Professional fees	$102,480	$179,907	$148,662
Head office costs	24,000	42,000	42,000
Management fees	60,000	60,000	60,000
Transfer and registrar costs	13,270	20,985	12,842
Shareholders information	24,958	72,473	63,375
Office and general costs	1,972	11,809	5,826
Directors fees	200	8,700	1,800
Consulting fees and expenses	60,000	90,000	60,000
Travel	-	2,920	15,215
Rent	18,000	19,447	3,776
Insurance	-	-	4,710
Total	$304,880	$508,241	$418,206

For the year ended August 31, 2018, the Company's general and administrative costs of $304,880 were again significantly lower by $203,361 compared to $508,241 for the year ended August 31, 2017. The decrease in expenses during fiscal 2018 was primarily attributed to a decrease in professional fees of $77,427 to $102,480 compared to $179,907 in fiscal 2017; a decrease in consulting fees of $30,000; and a decrease of $18,000 in head office costs for fiscal 2018. The decrease in professional fees can be attributed to the prior year correction errors related to the DWF Settlement Agreement in fiscal August 31, 2017 that resulted in expenses that were higher than normal. During the year, the Company also experienced a decrease of $47,515 in shareholders information expenses; and a decrease of $7,715 in transfer and registrar costs related to the prior 2017 fiscal year, that were higher than usual because of the name change of the Company from Intelligent Content Enterprises Inc., to Novicius Corp., as well as the the consolidation of common shares that became effective on May 26, 2017. There were no expenses for travel and insurance in 2018.

For the year ended August 31, 2017, the Company's general and administrative costs increased by $90,035 to $508,241 versus $418,206 for the year ended August 31, 2016. The increase expenses during fiscal 2017 was primarily attributed to an increase in professional fees of $31,245 to $179,907 compared to $148,662 in fiscal 2016, an increase in consulting fees of $30,000, and an increase of $15,671 in rent versus $3,776 recorded in the comparable period in 2016. The increase in professional fees was mainly attributed to the correction of prior period errors related to the DWF Settlement Agreement. The increase in rent during 2017 was a result of the office space rented in relation to DWF operations. During fiscal 2017, the Company also experienced an increase of $9,098 in shareholders information and an increase of $8,143 in transfer and registrar costs related to the name change of the Company from Intelligent Content Enterprises Inc., to Novicius Corp., and the consolidation of common shares effective May 26, 2017. In addition, the Company has recorded increased fees related to its listing on the Canadian Securities Exchange.

Loss on Foreign Exchange
For the year ended August 31, 2018, the Company recorded a loss on foreign exchange of $4,068 compared to a loss of $1,433 for the same twelve-month period ended August 31, 2017.

For the year ended August 31, 2017, the Company recorded a loss on foreign exchange of $1,433 versus a loss on foreign exchange of $21,890 for year ended August 31, 2016.

These foreign exchange losses are attributed to the translation of monetary assets and liabilities not denominated in the functional currency of the Company. The decrease in the loss on foreign exchange during fiscal 2018 and 2017 compared to fiscal 2016, is largely attributed to the disposition of Zavala Inc., whose functional currency was US dollars and the general fluctuations with the United States and Canadian dollar exchange rates.

Stock-based Compensation
Employees
For the year ended August 31, 2018, the Company recorded stock-based compensation of $204,511 compared to $1,614,605 for the same period in 2017. During 2017, the Company granted 150,000 stock options to officers and a director. As only 70,000 of the options continued to vest during fiscal 2018, stock-based compensation expense was reduced significantly in fiscal 2018 when compared to fiscal 2017. On May 31, 2018, all of the 155,000 outstanding common share purchase options were released and cancelled.

During fiscal 2018, the Company recorded the vesting of Ritwik Uban's 70,000 common stock options to September 9, 2018 of $204,511 as stock-based employee compensation.

During fiscal 2017, the Company granted the following common share purchase options:

- 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 $706,178 during fiscal 2017.

- 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 vest on September 8, 2017 and 35,000 vest on September 8, 2018. The Company recorded non-cash stock-based compensation expense of $613,532 during fiscal 2017 and $204,511 during fiscal 2018.

- 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 were exercisable at $6.40 per share and expired on April 25, 2017. The Company recorded non-cash stock-based compensation expense of $294,895.

During fiscal 2016, the Company granted the following common share purchase options:

- On April 1, 2016, the Company granted options to purchase 30,000 common shares to a director. The Company recorded non-cash stock-based compensation expense of $615,924. These options expired on December 8, 2016.

Non-Employees

For the year ended August 31, 2018, the Company did not record any expenses for non-employee stock-based compensation.

For the year ended August 31, 2017, the Company recorded stock-based compensation for non-employees of $235,393 compared to $Nil for the same twelve-month period in 2016. On September 9, 2016, the Company granted 20,000 immediately vesting common share purchase options to a consultant of the Company. These options were exercisable at $13.00 per share and expire on September 8, 2021.

For the year ended August 31, 2016, the Company recorded stock-based compensation for non-employees of $Nil compared to $28,173 for the year ended August 31, 2015. On November 12, 2014, the Company granted options to purchase 2,500 common shares to a consultant of the Company. These options are exercisable at $11.20 per share, vest immediately and expire on November 11, 2019.

Anti-Dilution Fees

For the year ended August 31, 2018, the Company did not record any expenses for anti-dilution fees compared to the same period in the prior year.

For the year ended August 31, 2017, the Company recorded anti-dilution fees of $186,832 compared to $Nil for the year ended August 31, 2016 and 2015.

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 contain 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.

As a result of the November 30, 2016, private placement of $50,000, the Company issued 16,364 Units in the capital of the Company pursuant to the anti-dilution provisions of the August 31, 2016, private placement agreements. The fair value of the units $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.

As a result of the August 31, 2017, private placement of $213,781, the Company issued 1,420,809 common shares in the capital of the Company pursuant to the anti-dilution provisions 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.

Gain on De-recognition of Financial Liabilities
There were no gains on de-recognition of financial liabilities during fiscal 2018.

During fiscal 2017, prior obligations of the Company's former defunct subsidiary Dyami Energy expired, and the Company recorded a gain on de-recognition of Dyami Energy's financial liabilities in the amount of $893,990 (2016: $Nil).

Impairment loss on Secured Note Receivable
There were no impaired losses on Secured Notes Receivable during the 2018 fiscal year.

During fiscal 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the prior fiscal period in 2016 and 2015.

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 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. At August 31, 2017, the Company determined that the Secured Note was uncollectible and recorded an impairment of the full amount

Gain on Disposal of Subsidiary
For the year ended August 31, 2018, the Company did not record any gains on disposal of a subsidiary.

For the year ended August 31, 2017, the Company recorded a gain on disposal of subsidiary in the amount of $Nil compared to a gain of $68,489 for the year ended August 31, 2016.

Effective February 29, 2016, the Company entered into a Share Purchase and Debt Settlement Agreement with 1288131 Alberta Ltd. and disposed of its interest in 1354166 Alberta for the settlement of debt owed to 1288131 Alberta Ltd., in the amount of $62,867. The net assets and liabilities of 1354166 Alberta upon disposal were $(5,622) resulting in a gain of $68,489.

Gain on Expiry of Derivative Liabilities
For the year ended August 31, 2018, there were no gains on Expiry of Derivative Liabilities.

For the year ended August 31, 2017, the Company recorded a gain on expiry of derivative liabilities in the amount of $Nil versus a gain on expiry of derivative liabilities in the amount of $281,210 for the year ended August 31, 2016. During fiscal 2016, 1,305 warrants expired and the fair value of $281,210 was recorded as a gain on expiry of derivative liabilities in the consolidated statement of operations.

Interest
For the year ended August 31, 2018, the Company did not record any interest costs.

For the year ended August 31, 2017, the Company recorded interest costs of $Nil compared to interest costs of $12,812 for the year ended August 31, 2016.

Loss on Settlement of Debt
For the year ended August 31, 2018, the Company did not record any losses on Settlements of Debt.

For the year ended August 31, 2017, the Company recorded a loss on settlement of debt in the amount of $Nil compared to a loss on settlement of debt in the amount of $12,489,249 for the year ended August 31, 2016.

For the year ended August 31, 2016, the Company recorded a loss on settlement of debt in the amount of $12,489,249 compared to loss on settlement of debt of $Nil for the same twelve-month period in 2015. The primary factors contributing to the resulting net loss on settlement of debt during the year ended August 31, 2016 was related to the issuance of 1,032,998 units in the capital of the Company pursuant to the anti-dilution provision of the August 30, 2014, debt conversion agreements. The fair value of the units $6,896,800 was recognized as a loss on settlement of debt in the consolidated statement of operations. In Addition, effective November 18, 2015, the Company entered into shares for debt conversion agreements and converted loans and interest due in the aggregate amount of $1,262,453 through the issuance of 954,311 common shares in the capital of the Company. The fair value of the common shares $6,371,457 was allocated to common shares and $5,109,004 was recorded as a loss on settlement of debt in the consolidated statement of operations.

Impairment Loss on Marketable Securities
For the year ended August 31, 2018, the Company did not record any impairment losses on marketable securities.

For the year ended August 31, 2017, the Company recorded an impairment loss on marketable securities of $Nil compared to $120,125 for the year ended August 31, 2016.

For the year ended August 31, 2016, the Company recorded an impairment loss on marketable securities of $120,125 (August 31, 2015: $Nil). As at August 31, 2017 and 2016, the Company held 1,200,000 common shares in a quoted company security that had been acquired as settlement of litigation. As at August 31, 2015, the Company recorded a change in the fair value of the securities in other comprehensive loss in the amount of $110,525. For the year ended August 31, 2016, the Company re-classified the loss of $110,525 to the consolidated statement of operations and recorded a further impairment of $9,600.

At each financial reporting period, the Company estimates the fair value of investments which are held-for-trading, based on quoted closing bid prices at the consolidated statements of financial position date or the closing bid price on the last day the security traded if there were no trades at the consolidated statements of financial position date and such valuations are reflected in the consolidated financial statements.

Gain (Loss) on Derivative Liabilities
For the year ended August 31, 2018 the Company had no derivative liabilities.

For the year ended August 31, 2017 the Company had no derivative liabilities. As at August 31, 2017, the Company recorded a gain on expiry of derivative warrant liabilities of $Nil compared to $281,210 for the year ended August 31, 2016.

As at August 31, 2016, the Company had 175,000 derivative warrant liabilities outstanding with a fair value of $Nil. 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. 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 no warrants were exercised.

Net Income (Loss) from Discontinued Operations Net of Tax
Net income from discontinued operations net of tax for the year ended August 31, 2018, was $NIL.

Net income from discontinued operations net of tax for the year ended August 31, 2017, was $Nil compared to a net income from discontinued operations net of tax of $2,711, for the year ended August 31, 2016.

Net income from discontinued operations net of tax for the year ended August 31, 2016, was $2,711 compared to a net loss from discontinued operations net of tax of $4,762,461 for the year ended August 31, 2015. The income (loss) from discontinued operations is a result of the discontinued operations of 1354166 Ontario and Zavala Inc. as follows:

1354166 Ontario
The Company entered into a Share Purchase and Debt Settlement Agreement with 1288131 Alberta Ltd. effective February 29, 2016 and disposed of its interest in 1354166 Alberta. As a result, the Company's investment in 1354166 Alberta had been derecognized from the Company's Consolidated Financial Statements and presented as discontinued operations on the Consolidated Statements of Operations. The following table presents the statements of operations of 1354166 Alberta for the period set out:

	August 31,2016
Revenue	
Natural gas sales	$13,998
Expenses	
Operating costs	5,170
General and administrative	97
	(5,267)
Net income from discontinued operations	$8,731
Earnings per share from discontinued operations, basic and diluted	$0.000

Zavala Inc.
At August 31, 2015, the Company entered into a Settlement and Exercise of Security Agreement whereby effective August 31, 2015, the Company assigned and conveyed all its rights, title and interest in and to Zavala Inc. Accordingly, the Company's investment in Zavala Inc. had been derecognized from the Company's Consolidated Financial Statements as at August 31, 2015 and presented as discontinued operations.

The following table presents the consolidated statements of operations and comprehensive income (loss) of Zavala Inc., for the years set out:

	August 31, 2016
Expenses	
Accretion	$-
General and administrative	6,020
Bad debt expense	-
Impairment loss on marketable securities	-
Impairment loss on exploration and evaluation assets	-
Loss from discontinued operations	(6,020)
Foreign currency translation	-
Total loss from discontinued operations	$(6,020)
Loss per share from discontinued operations, basic and diluted	$(0.000)

Net Loss
Net loss for the year ended August 31, 2018 was $516,323 compared to a net loss of $2,097,738 for the year ended August 31, 2017. The decrease in net loss of $1,581,415was primarily related to a decrease in stock-based compensation for employees of $1,410,094, stock-based compensation-non employees of $235,393, a decrease in research, content development and technology support of $313,106, a decrease in general and administrative expenses of $203,361, a decrease in anti-dilution fees of $186,832, a decrease in impairment loss on secured note receivable of $81,483, hosting, advertising and technology services of $68,559; and an offset gain on de-recognition of financial liabilities of $893,990, and an increase in loss on foreign exchange of $2,635.

Net loss for the year ended August 31, 2017, was $2,097,738 compared to a net loss of $13,531,587 the year ended August 31, 2016. The decrease in net loss during 2017, was primarily related to an increase in loss on settlement of debt of $Nil compared to $12,489,249 in fiscal 2016. In addition, during fiscal 2017, the Company an increase in stock-based compensation of $1,234,074 to $1,849,998 versus stock-based compensation expense of $615,924 during fiscal 2016 and the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990. In the current period the Company recorded a loss on marketable securities of $Nil versus $120,125 for the same twelve-month period in fiscal 2016. During fiscal 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the prior fiscal period in 2016.

Other Comprehensive Income (Loss) to be Re-Classified
Impairment Loss on Marketable Securities
For the year ended August 31, 2016, the Company reclassified an unrealized loss on marketable securities of $110,525 recorded in fiscal 2015 to an impairment loss on marketable securities on the consolidated statements of operations as a result of the Company's investment in Stratex Oil & Gas Holdings, Inc., common shares being fair valued at $Nil.

Total Other Comprehensive Income (Loss)
Total other comprehensive income for the year ended August 31, 2018 and August 31, 2017 were $Nil compared to a total comprehensive income of $110,525 for the year ended August 31, 2016.

Net Loss and Comprehensive Loss
Net loss and comprehensive loss for the year ended August 31, 2018 was $516,323 compared with $2,097,738 for the year ended August 31, 2017. The decrease in net loss during 2018, was primarily related to a decrease in employee stock-based compensation of $1,410,094, non-employee stock-based compensation of $235,393. In the 2018 fiscal year, there were decreases in a number of fiscal 2017 non-recurring transactions such as research, content development and technology support of $313,106, anti-dilution fees of $186,832, impairment loss on secured note receivable of $81,483, and an offsetting gain on de-recognition of financial liabilities of $893,990. There were decreases from fiscal 2017 to 2018 related to general and administrative expenses of $203,361 and hosting, advertising and technology services of $68,559.

Net loss and comprehensive loss for the year ended August 31, 2017, was $2,097,738 compared to $13,421,062 for the year ended August 31, 2016. The decrease in net loss during 2017, was primarily related to an increase in loss on settlement of debt of $Nil compared to $12,489,249 in fiscal 2016. In addition, during fiscal 2017, the Company experienced an increase in stock-based compensation of $1,234,074 to $1,849,998 versus stock-based compensation expense of $615,924 during fiscal 2016 and the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990. Also, in the current period the Company recorded a loss on marketable securities of $Nil versus $120,125 for the same twelve-month period in fiscal 2016. During fiscal 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the prior fiscal period in 2016.

Earnings (Loss) per Share, Basic
Continuing Operations
Basic loss per share from continuing operations for the year ended August 31, 2018 was $0.098 compared to basic loss per share of $0.788 for the same twelve-month period in 2017.

Basic loss per share from continuing operations for the year ended August 31, 2017, was $0.788 compared to basic loss per share of $6.516 for the same twelve-month period in 2016.

Discontinued Operations
Basic loss per share from discontinued operations for the year ended August 31, 2018 and for the year ended August 31, 2017 were both $Nil.

Basic loss per share from discontinued operations for the year ended August 31, 2017 was $Nil compared to a basic income of $0.001 for fiscal 2016.

Total Loss per Share, Basic
Total basic loss per share for the year ended August 31, 2018, was $0.098 compared to total basic loss per share of $0.788 for the same twelve-month period in 2017.

Total basic loss per share for the year ended August 31, 2017, was $0.788 compared to total basic loss per share of $6.515 for the same twelve-month period in 2016.

Earnings (Loss) per Share, Diluted
Continuing Operations
Diluted loss per share from continuing operations for the year ended August 31, 2018 was $0.098 compared to diluted loss per share of $0.788 for the same twelve-month period in 2017.

Diluted loss per share from continuing operations for the year ended August 31, 2017, was $0.788 compared to diluted loss per share of $6.516 for the same twelve-month period in 2016.

Discontinued Operations
Diluted loss per share from discontinued operations for the year ended August 31, 2018 and for the year ended August 31, 2017 were both $Nil.

Diluted loss per share from discontinued operations for the year ended August 31, 2017 was $Nil compared to diluted income per share of $0.001 for the same twelve-month period in 2016.

Total Loss per Share, Diluted
Total diluted loss per share for the year ended August 31, 2018 was $0.098 compared to total diluted loss per share of $0.788 for the same twelve-month period in 2017.

Total diluted loss per share for the year ended August 31, 2017, was $0.788 compared to total diluted loss per share of $6.515 for the same twelve-month period in 2016.

SUMMARY OF QUARTERLY RESULTS-CONTINUING OPERATIONS

The following tables reflect the summary of quarterly results from continuing operations for the periods set out.

	2018	**2018**	**2018**	**2017**
For the quarter ending	**August 31**	**May 31**	**February 28**	**November 30**
Net loss for the period	$(167,941)	$(127,398)	$(93,406)	$(127,578)
Loss per share, basic and diluted	$(0.032)	$(0.024)	$(0.018)	$(0.024)

Fiscal 2018
During the quarter ended August 31, 2018, the Company incurred stock-based compensation expenses of $68,170 and general and administrative expenses of $97,895.

	2017	**2017**	**2017**	**2016**
For the quarter ending	**August 31**	**May 31**	**February 28**	**November 30**
Net loss for the period	$(1,199,755)	$(198,521)	$(81,215)	$(618,247)
Loss per share, basic and diluted	$(0.447)	$(0.08)	$(0.03)	$(0.23)

Fiscal 2017
During the quarter ended August 31, 2017, the Company recorded stock-based compensation expense of $1,698,901 a gain on de-recognition of financial liabilities of $893,990 and anti-dilution fees of $178,650. During ended May 31, 2017, the Company incurred general and administrative expenditures of $119,830. During the quarter ended February 28, 2017, the Company recorded research, content development and technology support costs of $63,641. During the quarter ended November 30, 2016, the Company recorded anti-dilution fees of $104,727.

FOURTH QUARTER RESULTS-CONTINUING OPERATIONS

For the quarter ending	August 31, 2018	August 31, 2017	August 31, 2016
Revenue	$-	$16,280	$-
Net Income (loss) for the period	(167,941)	$(1,199,755)	$153,579
Income (loss) per share, basic and diluted	($0.032)	($0.19)	$(0.06)

Advertising Revenue
For the three months ended August 31, 2018, the Company recorded advertising revenue of $Nil compared to $16,280 for the same three-month period ended in fiscal 2017. The advertising revenue for fiscal 2017 is a result of the development of the Company's online management and advertising platform (http://doubletap.co) during that year which was not carried over to fiscal 2018.

Research, Content Development and Technology Support
For the three months ended August 31, 2018, there were no research, content development and technology support costs compared to $20,378 for the same period three-month period ended August 31, the completion of the online management s and advertising platform during fiscal 2017.

Hosting, Advertising and Technology Services
For the three months ended August 31, 2018, the Company incurred $Nil hosting and technology costs related to the maintenance of the Company's online management and advertising platform.

For the three months ended August 31, 2017, the Company incurred hosting and technology costs of $20,144 related to the maintenance of the Company's online management and advertising platform.

General and Administrative	For the Three Months Ended August 31,		
	2018	2017	2016
Professional fees	$50,920	$51,848	$71,488
Head office costs	6,000	10,500	10,500
Management fees	15,000	15,000	15,000
Transfer and registrar costs	2,701	3,833	8,296
Shareholders information	3,411	12,457	1,815
Office and general costs	363	1,252	4,626
Directors fees	-	900	600
Consulting fees and expenses	15,000	15,000	15,000
Travel	-	-	13,920
Rent	4,500	-	3,776
Insurance	-	-	4,710
Total	$97,895	$110,790	$149,731

General and administrative expenses for the three months ended August 31, 2018, decreased to $97,895 compared to $110,790 for the same period ended August 31, 2017. For the three months ended August 31, 2018, head office costs decreased by $4,500, from $10,500 in the three-month period ended August 31, 2017 to $6,000 for the quarter ended August 31, 2018. Shareholder information decreased by $9,046 from $12,457 for the three-month period ended August 31, 2017 to $3,411 for the same three-month period ended August 31, 2018. Office and general costs were reduced by $889 from $1,252 in the three-month period ended August 31, 2017 to $363 for the same period in 2018. Although there were no director fees in 2018, there were fees of $900 for the three-month period ended August 31, 2017. There was rent expense of $4,500 for the three-month period ended August 31, 2018, however, there were no rental costs for the same three-month period ended August 31, 2017.

General and administrative expenses for the three months ended August 31, 2017, decreased to $110,790 compared to $149,731 for the year ended August 31, 2016. For the three months ended August 31, 2017 shareholders information costs increased by $10,642 to $12,457 compared to $1,815 for the three months ended August 31, 2016. The fiscal 2017 increase was primarily attributed to the costs associated with the consolidation of the Company's common shares and the addition of fees related to the Company's listing on the Canadian Securities Exchange. For the three months ended August 31, 2017, professional fees decreased by $19,640 to $51,848 compared to $71,848 for the same three-month ended in 2016. In addition, during fiscal 2017, travel costs decreased by $13,920, insurance costs decreased by $4,710 and rent decreased by $3,776. The reduction in costs were a result of the settlement of the DWF Transaction.

Loss on Foreign Exchange
For the three months ended August 31, 2018, the Company recorded a loss of $1,876 compared to a gain of $321 for the three months ended August 31, 2017. There difference in gains and losses on foreign exchange are attributed to the translation of monetary assets and liabilities not denominated in the functional currency of the Company.

For the three months ended August 31, 2017, the Company recorded a gain on foreign exchange of $321 versus a loss on foreign exchange of $112 for the same three-month period in 2016.These foreign exchange gains and losses are attributed to the translation of monetary assets and liabilities not denominated in the functional currency of the Company.

Stock-based Compensation
Employees
For the three months ended August 31, 2018, the Company recorded stock-based compensation of $68,170 compared to $1,478,314 for the same three-month period in 2017. During the 2018 fiscal period, 35,000 common share purchase options vested from September 8, 2017 to May 1, 2018, when they were cancelled. As a result, the Company recorded an accelerated non-cash stock-based compensation of $68,170 for partial vesting, reflecting a total amount for the 2018 year of $204,511. Effective May 1, 2018, all of the stock options issued by the Company were released and subsequently cancelled and the balance was recorded as an increase to contributed surplus.

For the three months ended August 31, 2017, the Company recorded stock-based compensation of $1,478,314 compared to $Nil for the same three-month period in 2016. During the three-month period in fiscal 2017, the Company revised the fair value of stock options issued to directors and officers on September 9, 2016 and November 1, 2016.

Non-Employees
For the three months ended August 31, 2018, the Company recorded stock-based compensation for non-employees of $Nil compared with the three months ended August 31, 2018 of $220,588.

For the three months ended August 31, 2017, the Company recorded stock-based compensation for non-employees of $220,588 compared to $Nil for the same three-month period in 2016. During the three-month period in fiscal 2017, the Company revised the fair value of stock options issued to a consultant on September 9, 2016

Anti-Dilution Fees
For the three months ended August 31, 2018, the Company recorded anti-dilution fees of $Nil compared to $178,650 for the three months ended August 31, 2017.

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 contain 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.

Gain on de-recognition of financial liabilities
During the three months ended August 31, 2018, the Company recorded $Nil for gain on de-recognition of financial liabilities compared with the August 31, 2017 amount of $893,990 which was related to the expiry of prior obligations.

During the three months ended August 31, 2017, the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990 relating to the expiry of prior obligations of Dyami Energy.

Impairment loss on Secured Note Receivable
During the three months ended August 31, 2018, the Company did not record any impairment losses.

During the three months ended August 31, 2017, the Company recorded an impairment loss of $81,483 on a secured note receivable compared to $Nil in the same three-month prior period in 2016 and 2015.

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 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. At August 31, 2017, the Company determined that the Secured Note was uncollectible and recorded an impairment of the full amount.

Net Income (Loss) from Continuing Operations
Net loss from continuing operations for the three months ended August 31, 2018 was $167,941 compared to the three months ended August 31, 2017 of $1,199,755. During the three months ended August 31, 2018, the Company recorded stock-based compensation of $68,170, general and administrative expenses of $97,895, and foreign exchange losses of $1,876.

Net loss from continuing operations for the three months ended August 31, 2017 was $1,199,755 versus a net income from continuing operations of $153,579 for the three months ended August 31, 2016. During the three months ended August 31, 2017, the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990 which gain was partially offset by an increase in stock-based compensation expense of $1,698,901 compared to $Nil in the same three month prior period, anti-dilution fees of $178,650 compared to $Nil for the three months ended August 31, 2016 and an impairment loss of $81,483 on a secured note receivable compared to $Nil in the prior period in 2016.

Net Income from Discontinued Operations
For the three months ended August 31, 2018, net income from discontinued operations was $Nil versus net income form discontinued operations of $Nil for the three months ended August 31, 2017.

For the three months ended August 31, 2017, net income from discontinued operations was $Nil versus net income from discontinued operations of $2,118 for the three months ended August 31, 2016.

Net Income (Loss) and Comprehensive Income (Loss)
Net loss for the three months ended August 31, 2018 was $167,941 compared to a net loss of $1,199,755 for the same three-months ended August 31, 2017.

Net loss for the three months ended August 31, 2017 was $1,199,755 compared to net income of $155,697 for three months ended August 31, 2016.During the three months ended August 31, 2017, the Company recorded a gain on de-recognition of financial liabilities in the amount of $893,990 which gain was partially offset by anti-dilution fees of $178,650 compared to $Nil for the three months ended August 31, 2016.

Earnings (Loss) per Share, Basic and diluted
Basic and diluted loss per share from continuing operations for the three months ended August 31, 2018 was $0.032 compared to a basic and diluted loss per share from continuing operations of $0.447 for the same three-month period in 2017.

Basic and diluted loss per share from continuing operations for the three months ended August 31, 2017, was $0.447 compared to a basic and diluted loss per share from continuing operations of $0.06 for the same three-month period in 2016.

CAPITAL EXPENDITURES

There were no capital expenditures for the 2017 and 2018 fiscal periods.

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 Studios"). On October 12, 2016, the Company advanced US$65,000 ($81,483 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

The Company expects that capital expenditures will increase in future reporting periods as the Company seeks further opportunities and ventures of merit in an effort to increase shareholder value.

FINANCING ACTIVITIES

During the year ended August 31, 2018, the Company recorded shareholders' loans payable of $79,910 compared to $Nil for the year ended August 31, 2017.

During the year ended August 31, 2017, 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 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.

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 purchase price of $0.18 per share.

LIQUIDITY AND CAPITAL RESOURCES

Cash as of August 31, 2018 was $28,906 compared to cash of $1,040 as of August 31, 2017.

For the year ended August 31, 2018, the primary use of funds was related to general administrative expenses. The Company's working capital deficiency at August 31, 2018 was $799,588.

For the year ended August 31, 2017, the primary use of funds was related to general administrative expenses and the US $65,000 advance to Catch Star. The Company's working capital deficiency at August 31, 2017 was $487,776.

Current assets of $33,043 as at August 31, 2018 include cash of $28,906 ($1,040 as at August 31, 2017) and $4,137 of other receivables ($41,007 as at August 31, 2017). Current liabilities as at August 31, 2018 of $832,631 include trade and other payables of $703,306 ($529,823 as at August 31, 2017), short term advances from related party of $49,415 ($Nil as at August 31, 2017) and $79,910 of shareholder loans ($Nil as at August 31, 2017).

Management of the Company recognizes that cash flow from operations is not sufficient meet its working capital requirements or fund additional opportunities or ventures of merit. The Company has liquidity risk which necessitates the Company to obtain debt financing or raise additional equity. There is no assurance the Company will be able to obtain the necessary financing in a timely manner.

The Company's past primary source of liquidity and capital resources has been proceeds from the issuance of share capital, shareholders' loans and cash flow from oil and gas operations. If the Company issued additional common shares from treasury it would cause the current shareholders of the Company dilution.

Outlook and Capital Requirements

We anticipate further expenditures to expand our current business plan. Amounts expended on future opportunities and ventures of merit is dependent on the nature of the opportunities evaluated by us. Any expenditure which exceeds available cash will be required to be funded by additional share capital or debt issued by us, or by other means. Our long-term profitability will depend upon its ability to successfully implement its business plan.

SHAREHOLDERS' LOANS, NOTES PAYABLE AND DEBT CONVERSION

Shareholder Loans

As at August 31, 2018, the Company had shareholders' loans payable of $79,910 (August 31, 2017: $Nil; August 31, 2016: $Nil). The August 31, 2018 balance consisted of advances in two currencies: $53,800 payable in Canadian Dollars and $26,110 that includes $20,000US with foreign exchange of $6,110.

Effective August 30, 2014, the Company converted shareholders' loans and interest due in the aggregate amount of $1,180,570 through the issuance of a total of 147,571 units in the capital of the Company. The terms of the August 30, 2014, conversion agreements contained an anti-dilution provision such that if within 18 months of the effective date, the Company issues additional common shares for a consideration per share or with an exercise or conversion price per share, less than $8.00 (the "Adjusted Price") the Holder herein 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. Effective November 18, 2015, the Company issued a total of 103,299 Units in the capital of the Company pursuant to the Adjusted Price. The warrant component was valued using a Binomial Lattice model whereas the fair value of the common share component was based on the current market value of the company's stock. The fair value of the units of $6,896,800 was allocated to the common shares in the amount of $5,034,157 and warrants in the amount of $1,862,643 based on their relative fair values and $6,896,800 was recognized as a loss on settlement of debt in the statement of operations.

Significant assumptions utilized in the Binomial Lattice process for the warrant component of the conversion were as follows:

	November 18, 2015
Market value on valuation date	$6.60
Contractual exercise rate	$10.00
Term	1.79 Years
Expected market volatility	183.30%
Risk free rate using zero coupon US Treasury Security rate	0.90%

Loans Payable

As at August 31, 2018, 2017 and 2016, the Company had loans payable of $Nil.

For the year ended August 31, 2016, the Company recorded interest on loans payable of $4,945. Effective November 18, 2015, the Company converted loans and interest due in the aggregate amount of $899,660 through the issuance of 680,068 common shares in the capital of the Company. The fair value of the common shares of $4,540,474 was allocated to common shares and $3,640,814 was recorded as loss on settlement of debt in the consolidated statement of operations.

On February 29, 2016, the Company entered into asset purchase and debt settlement agreement and converted loans and interest in the aggregate amount of $277,473 in exchange for the Company's 0.03% net smelter return royalty on 8 mining claim blocks located in Red Lake, Ontario which were carried on the consolidated statement of financial position at $Nil. Accordingly, the Company recorded a gain on settlement of debt for the full amount.

Debt Conversion
On February 29, 2016, the Company entered into shares for debt conversion agreements and converted debt in the aggregate amount of $451,557 through the issuance of 150,519 units in the capital of the Company. 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 $3.50 until March 1, 2019. The fair value of the Units of $1,220,709 was allocated to common shares in the amount of $638,295 and warrants in the amount of $582,414 based on their relative fair values and $769,152 was recognized as a loss on extinguishment of debt in the consolidated statement of operations.

Significant assumptions utilized in the Binomial Lattice process for the warrant component of the conversion were as follows:

	February 29, 2016
Market value on valuation date	$8.10
Contractual exercise rate	$3.50
Term (years)	3 Years
Expected market volatility	169.73%
Risk free rate using zero coupon US Treasury Security rate	0.91%

DERIVATIVE LIABILITIES

As at August 31, 2018 and August 31, 2017, the Company had no derivative warrant liabilities. As at August 31, 2016, the Company had 175,000 derivative warrant liabilities outstanding with a fair value of $Nil. As at August 31, 2017, the Company recorded a gain on expiry of derivative warrant liabilities of $Nil (August 31, 2016: $281,210). The Company had warrants issued with a cashless exercise price and warrants issued with an exercise price in US dollars which was different from the functional currency of the Company and accordingly the warrants were treated as financial liabilities. The fair value movement during the periods were recognized in the profit or loss. 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, 2014	7,439	1,325,307	US 370.40
Warrants expired	(6,134)	(1,258,206)	US (460.66)
Change in fair value estimates	-	214,109	-
As at August 31, 2015	1,305	281,210	US 466.66
Warrants expired	(1,305)	(281,210)	-
Warrants issued	175,000	-	-
As at August 31, 2016	175,000	-	15.00
Warrants expired	(175,000)	-	-
As at August 31, 2017 and 2018	-	-	-

On September 25, 2015, 1,305 warrants expired, and the fair value measured using the Black-Scholes option pricing model of $281,210 was recorded as a gain on expiry of derivative liabilities on the consolidated statement of operations.

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. 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 no warrants were exercised.

As at August 31, 2018 and August 31, 2017, no derivative warrants liabilities were outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SEGMENTED INFORMATION

The Company's reportable and geographical segments are Canada and previously the United States. 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 officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Effective August 31, 2015, the Company discontinued its reportable segment in the United States. The following tables show information regarding the Company's reportable segments.

For the year ended August 31, 2018	**Canada $**	**United States $**	**Total $**
Revenue, continuing operations	-	-	-
Net loss, continuing operations	(516,323)	-	(516,323)
Net loss	(516.322)	-	(512,322)

For the year ended August 31, 2017			
Revenue, continuing operations	20,788	-	20,788
Net loss, continuing operations	(2,097,738)	-	(2,097,738)
Net loss	(2,097,738)	-	(2,097,738)

For the year ended August 31, 2016	Canada $	United States $	Total $
Net loss, continuing operations	(13,534,298)	-	(13,534,298)
Net income (loss), discontinued operations	8,731	(6,020)	2,711
Net loss	(13,525,567)	(6,020)	(13,531,587)

As at August 31, 2018	**Canada $**	**United States $**	**Total $**
Total Assets	33,043	-	33,043
Total Liabilities	(832,631)	-	(832,631)

As at August 31, 2017	**Canada $**	**United States $**	**Total $**
Total Assets	42,047	-	42,047
Total Liabilities	(529,823)	-	(529,823)

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:

	August 31, 2018	August 31, 2017	August 31, 2016
Short term employee benefits (1) (2)	$60,200	$129,981	$60,000
Stock-based compensation (3)	$204,511	1,614,605	615,924
	$264,711	$1,744,586	$675,924

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:

	August 31, 2018	August 31, 2017
Short term employee benefits payable (1)(2)	$50,398	$101,500
	$50,398	$101,500

(1) The Company accrued management fees to the Chief Financial Officer of the Company at a rate of $5,000 per month during fiscal 2018, 2017 and 2016 ($12,500 per month during fiscal 2015).

(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 12 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 2017 (the "Period"), reduces the overall compensation earned by the President below $7,500 in any such month during the Period.

(3) On November 12, 2014, the Company granted options to purchase 7,500 common shares to three directors. On April 1, 2016, the Company granted options to purchase 30,000 common shares to a director. 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.

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 August 31, 2017, included in trade and other payables is $23,961 due to Torinit.

As at August 31, 2018, the amount of directors' fees included in trade and other payables was $40,400 (August 31, 2017: $10,200).

As at August 31, 2017 and 2016, the Company had a promissory note payable to the former President of the Company of $Nil. For the year ended August 31, 2016, the Company recorded interest on the promissory note of $496 (August 31, 2015: $838). On February 26, 2016, the former President assigned the promissory note of $10,000 and all accumulated interest due in the amount of $113,844 to an arms-length third party. The note was due on demand with interest at a rate of 10% per annum. Effective November 18, 2015, the Company issued to the former President 114,009 Units in the capital of the Company pursuant to the anti-dilution provision contained in the August 30, 2014, debt conversion agreements. On February 29, 2016, the former President converted $38,239 in outstanding debt into 12,746 units in the capital of the Company.

Effective November 18, 2015, the Company entered into a shares for debt conversion agreement and converted a note and interest payable to Core Energy Enterprises Inc. ("Core") in the aggregate amount of $362,793 through the issuance of 274,243 common shares in the capital of the Company. The fair value of the common shares $1,830,983 was recorded as an increase to common shares and $1,468,190 was recorded as a loss on settlement of debt in the statement of operations. The CFO of the Company is a major shareholder, officer and a director of Core.

NATURE OF BUSINESS AND GOING CONCERN

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. The Company filed articles of amendment effective February 1, 2016, and changed its name from Eagleford Energy Corp., to Intelligent Content Enterprises Inc., 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 340 Richmond Street West, Toronto, Ontario, M5V 1X2. The Company's common shares trade on the OTCQB under the symbol NVSIF and on the Canadian Securities Exchange under the symbol NVS.

The 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"), DoubleTap Daily Inc. incorporated in the Province of Ontario on February 29, 2016, ("DoubleTap") and Novicius Acquisition Corp. ("Acquisition Corp."), incorporated in the Province of Ontario on March 26, 2018.

Effective February 29, 2016, the Company disposed of its investment in 1354166 Alberta Ltd., a company operating in the province of Alberta ("1354166 Alberta"). The Company's former subsidiaries, Eagleford Energy, Zavala Inc., a Nevada company ("Zavala Inc."), and its' wholly owned subsidiary EEZ Operating Inc., a Texas company ("EEZ Operating") were disposed of effective August 31, 2015.

Going Concern

These 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 been developing its advertising platform and has not yet realized profitable operations. 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 August 31, 2018, the Company has working capital deficiency of $799,588 (2017: working capital deficiency $487,776) and an accumulated deficit of $32,201,307, (2017: $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.

BASIS OF PREPARATION

Statement of Compliance
These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). The policies applied in these Consolidated Financial Statements are based on IFRS issued and outstanding as of January 1, 2018. The Board of Directors approved the Consolidated Financial Statements on December 31, 2018.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are disclosed in note 3 of the Consolidated Financial Statements.

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.

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.

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 Company filed articles of amendment effective February 1, 2016, and changed its name from Eagleford Energy Corp., to Intelligent Content Enterprises Inc., 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 these consolidations accordingly.

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 a)	7,692	30,233
Common shares issued as settlement of shareholder advances (Note b)	1,187,672	213,781
Common shares issued as anti-dilution provision (Note c)	1,420,809	184,705
Common shares issued as anti-dilution provision (Note d)	16,364	2,127
Balance August 31, 2017 and August 31, 2018	**5,283,164**	**23,651,529**

Preferred Shares Issued:
As at August 31, 2018, August 31, 2017 and August 31, 2016, there were no preferred shares issued.

b) Share Purchase Warrants

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

	August 31, 2018		August 31, 2017	
Warrants	**Number of Warrants**	**Weighted Average Price**	Number of Warrants	Weighted Average Price
Outstanding, beginning of year	208,211	-	722,572	-
Warrants issued (Note b (a))	-	-	7,692	-
Warrants issued (Note b (d))	-	-	16,364	-
Warrants expired (Note b (e))	-	-	(538,417)	-
Balance, end of year	**208,211**	**$5.27**	**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 b (i), 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.

(d) Pursuant to the November 30, 2016, private placement of $50,000 (Note 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.

(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.

The following table summarizes the outstanding warrants as at August 31, 2018 and August 31, 2017, respectively:

Number of Warrants 2018	**Exercise Price**	**Expiry Date**	**Weighted Average Remaining Life (Years)**	**Warrant Value ($)**
160,519	$3.50	March 1, 2019	0.50	603,370
23,636	$12.50	August 31, 2019	1.00	126,729
24,056	$10.00	November 30, 2019	1.25	19,767
208,211			**0.64**	**749,866**

Number of Warrants 2017	**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:

	2018	2017	2016
Weighted Average Shares Outstanding, basic	**5,283,164**	2,663,614	2,077,096
Weighted Average Shares Outstanding, diluted	**5,283,164**	2,663,614	2,077,096

At August 31, 2018, there were 208,211 common share purchase warrants that could be exercised, however they are anti-dilutive.

At August 31, 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	**155,000**	**13.87**
Cancelled	**(155,000)**	**(13.87)**
Balance, August 31, 2018	**-**	**-**

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

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	0.50
$15.00	70,000	4.02	September 8, 2021	35,000	3.79
$13.00	80,000	4.02	September 8, 2021	80,000	4.38
	155,000	**3.95**		**85,000**	**13.87**

e) Stock-based Compensation

Effective May 1, 2018, all of the stock options issued by the Company were released and subsequently cancelled and $1,815,961 was recorded as an increase to contributed surplus.

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 $706,178.

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 vesting on September 8, 2018. As at August 31, 2017, the Company recorded non-cash stock-based compensation expense of $613,532. As at August 31, 2018, the Company recorded a further $204,511 in stock-based compensation.

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 were exercisable at $6.40 per share and expired on April 25, 2017. The Company recorded non-cash stock-based compensation expense of $294,895.

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 $235,393.

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

SUBSEQUENT EVENTS

On October 31, 2018, the Company, Grown Rogue Unlimited LLC (“Grown rogue”), Grown Rogue Canada Inc. (“Grown Rogue Canada”) and Novicius Acquisition Corp. (“Acquisition Corp”) entered into a definitive transaction agreement (the “Definitive Agreement”) which set out the terms for the reverse take-over of the Company by Grown Rogue and the related transactions (the “Transaction”). On the closing date of the Transaction, the Company acquired the business of Grown Rogue and the funds raised by Grown Rogue Canada. Effective November 1, 2018, in preparation for the Transaction, the Company completed a consolidation (the “Consolidation”) of its common shares on the basis of 1.4 pre-consolidated common shares for 1 post-consolidated common share (a “Resulting issuer Share”) and changed its name to “Grown Rogue International Inc.”. In consideration for all of the equity interests of Grown Rogue, the unitholders and warrant holders of Grown Rogue received an aggregate of 60,746,202 Resulting Issuer Shares at a deemed price of $0.44 per share and 5,446,202 Resulting Issuer Warrants with an exercise price of $0.55 per share.

In accordance with debt settlement agreements between the Company and certain of its creditors, the parties agreed to assign an aggregate of $369,508 in indebtedness owing to the Company to Acquisition Corp. The debt was subsequently converted (the “Debt Conversion”) into 839,790 units of Acquisition Corp. at $0.44 per unit (the “Debt Conversion Units”). Each Debt Conversion Unit was comprised of one common share of Acquisition Corp. (a “Debt Conversion Share”) and one Novicius AcquisitionCo purchase warrant (“Novicius AcquisitionCo Warrants”). Each Novicius AcquisitionCo Warrant is exercisable into one common share at an exercise price of $0.55 per share for 24 months. In accordance with the Definitive Agreement, the Debt Conversion Shares were exchanged for 839,790 Resulting Issuer Shares at the time of the amalgamation for Grown Rogue Canada and Acquisition Corp., and the 839,790 Novicius AcquisitionCo Warrants were exchanged, without additional consideration or action, for the same number of warrants of the Company.

The Company refers the reader to the Filing Statement filed under the company's profile on SEDAR on November 23, 2018 for additional details regarding the Transaction.