

NovX21 Inc.

INTERIM MANAGEMENT DISCUSSION
AND ANALYSIS

March 31, 2015

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Interim Management Discussion and Analysis
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The goal of this interim analysis is to bring to the attention of the readers important changes in the financial position and results of operations of NovX21 Inc. (hereinafter the "Company") for the three-month period ended March 31, 2015, in comparison to the financial information for the corresponding period ended March 31, 2014.

This interim analysis has been prepared with information available as at May 21, 2015, and must be read in conjunction with the unaudited condensed interim financial statements for the period ended March 31, 2015, as well as the audited financial statements for the year ended December 31, 2014, including accompanying notes. The unaudited condensed interim financial statements for the period ended March 31, 2015 were prepared based on International financial reporting standards (IFRS), in accordance with IAS 34 standard, *Interim Financial Reporting*. The condensed interim financial statements are presented in Canadian currency, which is also the functional currency of the Company.

Prospective statements

Some statements included in this interim analysis contain prospective information concerning, for instance, anticipated developments on the Company's activities and other events or conditions likely to occur or to occur at a later date. The actual results of the Company could thus significantly differ from those presented in the prospective statements because of a certain number of risks, uncertainties, and other factors, including, but without being limited to, the Company's capacity to obtain financing, as well as the risks related to new legislations in the mining industry. It is as such recommended not to rely unduly on these prospective statements since plans, intentions or expectations on which they are based may not materialize.

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SUMMARY FINANCIAL INFORMATION

	Mar.31, 2015 \$	Dec.31, 2014 \$
Total assets	14,284,334	14,309,352
Total long-term liabilities	750,000	750,000

	2015	2014				2013			
	Mar.31 \$	Dec.31 \$	Sept.30 \$	June 30 \$	Mar.31 \$	Dec.31 \$	Sept.30 \$	June 30 \$	
Net loss for the period	271,025	241,655	345,463	329,154	498,560	194,285	274,385	326,477	
Basic and diluted net loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	

Following the issue of 1,150,000 options in January 2014, a share-based payments expense of \$131,590 was recorded during the quarter ended March 31, 2014, which explains the higher net loss for that quarter.

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COMPANY'S ACTIVITIES

Founded in 1986, NovX21 Inc., formerly Ressources Minières Pro-Or Inc., is a company mainly involved in the development of two technologies, which are to increase the chromium to iron ratios of chromite and extract platinum group metals (PGM) out of refractory ore and concentrates rich in PGM. The Company also holds interests in four mining properties, all located in the province of Quebec. Over the last years, its mining research efforts have been mainly focused on the properties in the James Bay region: Menarik and Ewart. None of these properties is currently in the operating phase and as such, no revenue has yet been earned from exploration activities.

A description of the recent exploration activities and future investments required to properly evaluate these properties is provided in this interim analysis.

Between 2003 and 2006, the Company has realized research and development ("R&D") activities in collaboration with the INRS (Institut national de la recherche scientifique), which led to the creation of two new processes: technologies to increase the chromium to iron ratios of chromite and extract platinum group elements (PGE) out of refractory ore and concentrates rich in PGE. Since 2006, the Company uses its technology to recover PGE on concentrates from automotive catalysts recycling (CC). These processes are patented in four countries: Canada, the United States, Australia and South Africa.

At the beginning of the year, the Company finalized the closing of a \$3 million placement, as well as a flow-through placement of \$299,000, this latter which was entirely dedicated to the exploration of the properties Menarik and Ewart. The amounts cashed allowed speeding up the commercial phase of the project to operate a commercial plant to extract platinum group precious metals.

Our attendance, at the beginning of the year, to the European International Automobile Recycling Congress (IARC), allowed us to introduce the technology of NovX21 in Europe. European regulation regarding automotive recycling will require the industry to recover 95% of the automotive components by 2015. Industrial companies are thus looking and now ask for processes and technologies that are clean and sustainable. Our attendance to this event allowed us to get known all over the industry and to have follow-up meetings with major players of the recycling industry, in an effort to establish commercial relations. Following these meetings, we purchased, at market value, batches of catalytic converters from these suppliers, as to evaluate their content in PGE. We also tested the supplying logistics by air and/or marine transport.

During the summer 2014, we also purchased additional catalytic converters in North America in order to supply St-Augustin's demonstration plant. With a continuous supply, we were able to evaluate the changes in the operating parameters that will allow reducing the operating costs of the plant. At the beginning of the year, NovX21 conducted laboratory trials to improve and enhance the different chemical reactions' parameters. The outcomes gathered allowed us to evaluate them at the demonstration plant scale. Each of these improvements makes the process more effective. However, they require to limit significantly the visits at the plant, in order to reduce the risks of copy and industrial espionage, our patent already being explicit.

In September 2014, meetings were organized with the ARPAC (*Association of Auto Part Recyclers*) to test the catalytic converters provided by the members. The results from the test convinced the board representing the members of the ARPAC to sign a framework agreement for the sale of catalytic converters to NovX21. The market in the province of Quebec is currently estimated at 400,000 end-of-life vehicles per year. The members of the ARPAC have access to this market and even overrun on other territories.

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COMPANY'S ACTIVITIES (continued)

In order to strengthen our commercial positions, we have engaged in discussions with companies to secure the sale of precious metals stemming from the innovative process of NovX21. We now collaborate with a company that is trading precious metals and hedge funds. In parallel, in order to reduce the dependency risks of converting in ingot our metallic powder, we have taken steps to use an alternate refiner. The results are positive.

Regarding the plant's construction project, the independent engineering group SENECA has begun its basic engineering mandate of the construction and the calendar of the critical deadlines. Meetings with the project's management committee regularly take place to evaluate their progress and raise relevant issues. A first plant's implementation plan has been submitted to the committee.

Financing of the commercial plant in Thetford Mines

Many initiatives have been carried over the year to finance the construction of the commercial plant. The different levels of the government have been approached. We have received an agreement letter between the city of Thetford Mines and NovX21 for the rental of buildings and have made the announcement last June. We also collaborate with Canada Economic Development for financing the equipment. Our application is being processed and we frequently answer questions as part of the due diligence process.

We also chose to approach Investissement Quebec ("IQ"), a renowned institution, to become a partner in NovX21. NovX21's application is being processed, in Quebec, by management of the specialized corporate financing sector of IQ, in collaboration with the «Ministère de l'Économie, de l'Innovation et des Exportations». Discussions have taken place and the due diligence process is well under way. We also approached, to obtain financing, a major Canadian bank that demonstrated a certain interest for our project. The valuable exchanges toward these three partners would allow NovX21 to favourably consider the \$10 million project for the construction of the plant.

A private placement was announced in April 2015 to complement the financial institutions' loan applications referred to above and provide working capital to the Company. This private placement takes the form of convertible debentures for a minimum of \$1 million dollars and a maximum of \$2.5 million dollars and is still underway.

The president and chief executive officer, Mr. Sylvain Boulanger, resigned from his functions for personal reasons on March 26, 2015, but will remain president until the second quarter of the year 2015, when a new president and chief executive officer will be appointed, this following the closing of the above-mentioned private placement.

Additional information on the Company, such as the most recent annual financial statements, can be found on SEDAR (www.sedar.com). The shares are listed on the TSX Venture Exchange, under symbol «NOV».

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MINING PROPERTIES

Menarik Property

Menarik Property is located roughly 45 kilometers south-east of Radisson City, on the Baie James territory. The property forms one contiguous block of 67 claims located in the center of sheet 33/F6. This bloc of claims covers a total area of 3,061.97 hectares. Claims are 100% owned by the Company and no royalty is attached to them.

In 2014, the Company realized exploration activities on the Baie James properties, Lac Ewart and Menarik, for a total amount of \$300,000. The activities given to geologist Yvan Bussières first had for purpose to review 2011 and 2013 drilling cores on some holes, to describe the parameters and realize carto/prospecting of the adjoining outcrops of the samples, as well as to prepare a technical report of these campaigns, to be presented to the MRNF as statutory work. This mandate has been granted to Mr. Bussières on August 13, 2014 for a lump sum of \$45,000. Subsequently, on October 2, 2014, a geophysical survey was given to the company GEOSIG of Quebec to perform gravimetric surveys and levelling on roughly 1,700 stations. These activities have been realized as expected, for a total cost of \$120,384. Following the gravimetric surveys, Mr. Bussières realized the 3D magnetic modelling to demonstrate the form of Menarik's project ultramafic complex. The 3D modelling could allow noticing areas with high density, possibly those with massive sulphides, activities totaling \$10,000. Total exploration expenditures on Menarik's property in 2014 total \$222,000.

Mr. Bussières's complete analysis of the 2011-2013 drillings, reviewed in 2014, and issued on December 31, 2014, is available on the Company's website. In addition, the analysis of the geophysical activities dated December 31, 2014 and prepared by GEOSIG, as well as Mr. Bussières's report on Menarik's property 3D modeling, dated January 2015, can also be found on NovX21's website.

Lac Ewart Property

Lac Ewart Property is located on the Baie James territory, roughly 25 kilometers south of La Grande 3 station. The property forms one contiguous block of 32 claims and covers a total area of 1,548.45 hectares.

This property was acquired for its formations, which are comparable to those of Menarik property. However, the first mapping and prospecting activities completed by a team led by geologist Marc Richer Lafèche (INRS) allowed establishing that the project rather had an auriferous potential. The gold would be associated with a peridotite unit that demonstrates magnetic signatures and induced polarization that would allow fast localisation of the anomalous gold zones. This property requires additional field work.

As part of the budget available for this property in 2014, the Company granted, on April 1st, 2014, a contract in the amount of \$77,910 to the INRS (Institut national de la recherche scientifique) for geochemical analyses of the forest soils, on more than 450 samples taken on the field. Sampling activities have been completed and results from the analyses are known. The interpretations of the results by geologist Mr. Lafèche are available on NovX21's website.

Other properties

The properties in Tavernier and Vauquelin are located in areas of the Abitibi region where many mining companies are currently active. No exploration program was planned on these properties in 2014.

The Company decided to wait for the arrival of the new president and chief executive officer to determine future exploration programs.

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RESULTS

Summary of operating results

**For the three-month period ended
March 31,**

	2015	2014
	\$	\$
Salaries and benefits	23,151	4,865
Share-based payments	9,699	155,678
Consulting fees	113,538	90,692
Professional fees	53,850	115,503
Public relations fees	24,762	41,708
Traveling fees	14,090	13,261
Advertising and entertainment	-	35,645
Insurance	7,307	6,115
Depreciation of property and equipment	-	120
Other expenses	24,852	37,304
Operating loss	271,249	500,891
Finance income	(224)	(2,331)
Net loss and total comprehensive loss for the period	271,025	498,560
 Net loss per share		
Basic and diluted net loss per share	(0.00)	(0.00)

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RESULTS (continued)

Changes in operating expenses

The following analysis reviews changes in operating expenses for the three-month period ended March 31, 2015, in comparison to the corresponding period ended March 31, 2014.

Share-based payments

The change in the share-based payments expense mainly comes from the grant of 1,150,000 options to directors and consultants, in January 2014, for which an expense of \$131,590 was recorded during the first quarter of that year.

Consulting fees

The increase in consulting fees is mainly due to:

- The services provided by a consultant who acts as a financial intermediary between the Company and financial institutions to obtain financing. The fees incurred from this consultant total \$67,800 for the three-month period ended March 31, 2015. No such fees were incurred during the first quarter of the year 2014;
- The services provided by an expert in strategic alliance, in the amount of \$25,000, incurred during the first quarter of the year 2014.

Professional fees

The change in professional fees for the three-month period ended March 31, 2015, in comparison to the corresponding period in 2014, mainly comes from the decrease in the fees incurred from the law firm responsible for the change in the Company's name and various communications with the stock exchange in this regard, as well as for the drafting of contracts, the review of agreements and the preparation of the shareholder rights plan, in the amount of \$49,652.

Advertising and entertainment

An amount of \$21,715 has been incurred during the first quarter of the year 2014 from Company's members attendance to a conference offered to technological companies in order, among others, to get known from brokerage firms in North America.

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RESULTS (continued)

Other expenses

Breakdown of the components of «other expenses»

**For the three-month period ended
March 31,**

	2015	2014
	\$	\$
Transfers and electronic deposits agent	1,122	1,134
Office expenses	366	4,086
Press releases	448	2,093
Financing fees	12,500	-
Registration fees	5,800	25,732
Rent	2,784	1,650
Exchange loss (gain)	(1,581)	1,478
Annual report	560	18
Others	2,853	1,113
	<u>24,852</u>	<u>37,304</u>

Financing fees

Application fees in the amount of \$12,500 were incurred during the first quarter of the year 2015 for the financing of the plant in Thetford Mines.

Registration fees

During the three-month period ended March 31, 2014, fees in the amount of \$24,482 were incurred from the TSX Venture Exchange regarding the change in the Company's name and different modifications to the share-based payment plans and the shareholder rights plan.

CASH FLOW

Throughout the period, liquidities decreased by \$48,053:

- The funds held at the beginning of the year and the support of suppliers and payables were, among others, used to meet current operations, as well as the acquisitions of intangible assets, mainly from the development of the technology to increase the chromium to iron ratios of chromite and extract platinum group metals.
- As explained in the Company's activities section of this analysis, the Company reached an agreement with the city of Thetford Mines to build a commercial plant, which requires significant investment. Accordingly, the Company is currently negotiating with potential investors to finance the project.

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CASH FLOW (continued)

Intangible assets

Monetary intangible assets' acquisitions incurred for the development of the technologies at the plant in St-Augustin total \$106,947 for the period ended March 31, 2015, compared to \$222,544 for the corresponding period ended March 31, 2014. These amounts are allocated as follows:

March 31,	2015	2014
	\$	\$
Salaries	34,062	28,879
Consultants	69,379	125,491
Energy	4,838	5,123
Rent	10,789	11,487
Purchases	3,212	50,907
Derived revenues	(15,333)	-
Total technology to increase the chromium to iron ratios of chromite and extract platinum group metals	106,947	221,887
Patents	-	657
Total	106,947	222,544

The overall decrease in consulting fees and purchases comes from the decision to moderate the operating expenses of the plant in St-Augustin during the financing period. A more detailed analysis of consulting fees is provided below:

Consultants

- Decrease of \$22,447 in the fees incurred from CIR Laboratory during the three-month period ended March 31, 2015, in comparison to the corresponding period ended March 31, 2014. The Company collaborates with this firm to develop and improve the technology to increase the chromium to iron ratios of chromite and extract platinum group metals.
- Fees in the amount of \$21,280 incurred during the first quarter of the year 2014 from SENECA for prefeasibility engineering studies. Since these studies have for main purpose the new plant, it was decided to moderate the efforts until the financing and the date for the beginning of the construction of the new plant have been determined.

Exploration and evaluation assets

Detail of the operations by property have not been disclosed since the transactions are not significant.

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FINANCIAL SITUATION

The Company's working capital is of \$85,172 as at March 31, 2015. As mentioned in the cash flow section, over the medium-term, the Company plans on building a commercial plant. Accordingly, the Company will need to complete the financing agreements currently underway, the actual financial situation not allowing the realization of this project.

RELATED PARTY TRANSACTIONS

Transactions with related parties, more specifically a company with a common officer, a company of which a partner is a director of the Company and key management (members of the Board of Directors, the president, the vice-president and the chief financial officer) were incurred:

Transactions with key management personnel

	March 31, 2015	March 31, 2014
	\$	\$
Short-term employee benefits		
Consulting fees	26,250	26,250
Consulting fees capitalized to intangible assets	26,250	26,250
Professional fees	21,340	10,690
Share-based payments	7,500	74,818
Share-based payments capitalized to intangible assets	-	34,162
Total	<u>81,340</u>	<u>172,170</u>

The decrease in share-based payments expense mainly comes from the grant of 750,000 options to directors in January 2014 (over a total granted of 1,150,000 options).

Transactions with a related company

The Company also incurred professional fees in the amount of \$2,234 during the period ended March 31, 2015 (\$51,886 during the period ended March 31, 2014) from a law firm from which a partner is a director of the Company. Explanations on the amounts incurred are provided in the corresponding operating expenses section.

INFORMATION ON OUTSTANDING SHARES

(as at May 21, 2015)

Outstanding Class "A" shares	102,214,144
Share purchase options	6,225,000
Warrants	41,875,900

OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements that could have a significant impact on the financial position, results of operations and liquidities of the Company.

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SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used by the Company are provided in Note 5 of the audited financial statements as at December 31, 2014.

RISKS AND OPPORTUNITIES

The Company is exposed to different types of financial and non-financial risks through its operations.

The Company closely manages the risks with the collaboration of the board of directors. The objectives pursued aim at supporting the development of the Company and optimizing the investment of its shareholders.

The following describes changes in the composition of the risks to which the Company is exposed and management's strategies to handle them.

Financial risks

Credit risk

The Company's maximum exposition to credit risk is limited to the carrying amount of its financial assets. The Company's financial assets went from a carrying amount of \$196,437 to \$117,084 during the period ended March 31, 2015.

Management still considers that its financial assets are of good credit quality.

There was no significant change in credit risk management strategies throughout the period, since the Company's exposition to this risk is considered low.

Liquidity risk

There was no significant change in liquidity risk management strategies during the period. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure the Company has adequate financing sources.

The Company's short-term liabilities are made of trade accounts and went from \$166,182 to \$402,490 during the period ended March 31, 2015.

Non-financial risks

Environmental risks

Since the Company is not yet in the exploitation phase, management considers its exposition to environmental risks as being limited. However, management closely studies, together with the authorities, any environmental impact that could possibly affect exploration activities, and applies all measures necessary to eliminate potential risks.

COMMITMENTS

A description of the commitments to which the Company is exposed is provided in Note 22 of the audited financial statements as at December 31, 2014.

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MANAGEMENT'S REponsABILITY TOWARDS THE FINANCIAL INFORMATION

The Company's unaudited condensed interim financial statements are management's responsibility and were approved by the board of directors. These financial statements were established by management based on International Financial Reporting Standards (IFRS), in accordance with IAS 34 standard, *Interim Financial Reporting*.

(s) Sylvain Boulanger

Sylvain Boulanger
President and chief executive officer

(s) Yves Therrien

Yves Therrien
Chief financial officer