

**NovX21 Inc.**

**Unaudited Condensed Interim Financial Statements  
As at September 30, 2014**

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These condensed interim financial statements for the nine-month period ended September 30, 2014 have not been reviewed by the auditors of the Company.

**NovX21 Inc.****Condensed Interim Statement of Financial Position**

September 30, 2014

Unaudited, in Canadian dollars

	Notes	September 30, 2014 \$	December 31, 2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash	5	208,277	795,495
Short-term investment, 1.50%, maturing in March 2015	5	707,490	-
Accounts receivable from unrelated companies, without interest		4,550	4,466
Shares subscriptions receivable		40,000	40,000
Sales taxes receivable		67,492	75,995
Tax credits receivable		102,156	222,455
Inventory		85,652	32,617
Prepaid expenses		35,529	43,214
		<u>1,251,146</u>	<u>1,214,242</u>
<b>Non-current</b>			
Exploration and evaluation assets	6	7,210,726	7,113,506
Property and equipment	7	381,540	363,736
Intangible assets	8	<u>5,759,871</u>	<u>4,883,050</u>
<b>Total assets</b>		<u>14,603,283</u>	<u>13,574,534</u>

The accompanying notes are an integral part of the condensed interim financial statements.

**NovX21 Inc.****Condensed Interim Statement of Financial Position**

September 30, 2014

Unaudited, in Canadian dollars

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	Notes	September 30, 2014	December 31, 2013
		\$	\$
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables	10	249,233	181,081
<b>Non-current</b>			
Deferred grant	11	750,000	750,000
<b>Total liabilities</b>		<u>999,233</u>	<u>931,081</u>
<b>EQUITY</b>			
Share capital	12	24,725,534	22,718,534
Contributed surplus		4,795,260	3,828,978
Deficit		(15,916,744 )	(13,904,059 )
Total equity		<u>13,604,050</u>	<u>12,643,453</u>
<b>Total liabilities and equity</b>		<u>14,603,283</u>	<u>13,574,534</u>

The accompanying notes are an integral part of the condensed interim financial statements.

(s) Sylvain Boulanger \_\_\_\_\_

President

(s) Yves Therrien \_\_\_\_\_

Chief Financial Officer

**NovX21 Inc.****Condensed Interim Statement of Comprehensive Income**

For the nine-month period ended September 30, 2014

Unaudited, in Canadian dollars

	Notes	September 30, 2014 (three months) \$	September 30, 2013 (three months) \$	September 30, 2014 (nine months) \$	September 30, 2013 (nine months) \$
Salaries and other employee benefits expense	13.1	93,190	83,573	301,468	263,616
Consulting fees		113,319	58,645	317,371	202,625
Brokerage fees		-	35,000	-	35,000
Professional fees		66,060	46,784	233,533	109,527
Public relations fees		51,452	35,813	133,066	119,383
Traveling fees		13,032	3,348	55,828	9,082
Advertising and entertainment		(2,511 )	8,395	54,786	22,533
Insurance		6,600	6,707	18,830	20,652
Depreciation of property and equipment		-	90	120	270
Other expenses		11,285	5,293	75,798	36,653
Operating loss		352,427	283,648	1,190,800	819,341
Change in fair value of listed shares		-	(7,360 )	-	(6,250 )
Finance income		(6,964 )	(1,903 )	(17,623 )	(3,231 )
Net loss and total comprehensive loss for the period		<u>345,463</u>	<u>274,385</u>	<u>1,173,177</u>	<u>809,860</u>
<b>Net loss per share</b>					
Basic and diluted net loss per share	14	<u>(0.00 )</u>	<u>(0.00 )</u>	<u>(0.01 )</u>	<u>(0.01 )</u>

The accompanying notes are an integral part of the condensed interim financial statements.

**NovX21 Inc.****Condensed Interim Statement of Changes in Equity**

For the nine-month period ended September 30, 2014

Unaudited, in Canadian dollars

	Notes	Share capital	Contributed surplus	Deficit	Total Equity
		\$	\$	\$	\$
<b>Balance as at January 1<sup>st</sup>, 2013</b>		<u>20,619,784</u>	<u>2,031,191</u>	<u>(11,276,528 )</u>	<u>11,374,447</u>
Units issued by a private placement		800,000	-	-	800,000
Exercise of warrants		15,000	-	-	15,000
Share-based payments	13.1	-	242,707	-	242,707
Issuance cost of units		-	-	(55,516 )	(55,516 )
Diluting effect of the extended warrants		-	1,287,100	(1,287,100 )	-
Net loss and total comprehensive loss for the period		-	-	(809,860 )	(809,860 )
<b>Balance as at September 30, 2013</b>		<u>21,434,784</u>	<u>3,560,998</u>	<u>(13,429,004 )</u>	<u>11,566,778</u>
<b>Balance as at January 1<sup>st</sup>, 2014</b>		<u>22,718,534</u>	<u>3,828,978</u>	<u>(13,904,059 )</u>	<u>12,643,453</u>
Units issued by private placements	12.1	2,007,000	-	-	2,007,000
Share-based payments	13.1	-	314,558	-	314,558
Diluting effect of the extended warrants	12.2	-	497,700	(497,700 )	-
Issuance cost of units		-	154,024	(341,808 )	(187,784 )
Net loss and total comprehensive loss for the period		-	-	(1,173,177 )	(1,173,177 )
<b>Balance as at September 30, 2014</b>		<u>24,725,534</u>	<u>4,795,260</u>	<u>(15,916,744 )</u>	<u>13,604,050</u>

The accompanying notes are an integral part of the condensed interim financial statements.

**NovX21 Inc.****Condensed Interim Statement of Cash Flows**

For the nine-month period ended September 30, 2014

Unaudited, in Canadian dollars

	Notes	September 30, 2014 \$	September 30, 2013 \$
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(1,173,177 )	(809,860 )
Adjustments:			
Depreciation of property and equipment		120	270
Share-based payments	13.1	275,304	242,593
Change in fair value of listed shares		-	(6,250 )
Net change in working capital items	15	151,604	215,951
Cash flows from operating activities		<u>(746,149 )</u>	<u>(357,296 )</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition of short-term investments		(1,800,000 )	-
Short-term investments withdrawals		1,092,510	104,498
Accounts receivable from unrelated companies		(84 )	(7,089 )
Additions to exploration and evaluation assets	6	(97,220 )	(14,769 )
Acquisition of property and equipment	7	(95,376 )	(40,715 )
Acquisition of intangible assets		(760,115 )	(508,251 )
Cash flows from investing activities		<u>(1,660,285 )</u>	<u>(466,326 )</u>
<b>FINANCING ACTIVITIES</b>			
Issuance of units		2,007,000	965,000
Issuance cost of units		(187,784 )	(55,516 )
Cash flows from financing activities		<u>1,819,216</u>	<u>909,484</u>
<b>Net change in cash</b>		(587 218 )	85,862
<b>Cash, beginning of period</b>		<u>795 495</u>	<u>195,906</u>
<b>Cash, end of period</b>		<u><u>208 277</u></u>	<u><u>281,768</u></u>
Supplementary information			
Interest received included in operating activities		<u>17,623</u>	<u>3,231</u>

For additional information on cash flows refer to Note 15.

The accompanying notes are an integral part of the condensed interim financial statements.

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

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**1. NATURE OF OPERATIONS**

NovX21 Inc. (hereinafter the "Company") has developed and patented two technologies, which are used: 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 is also active in the exploration of mining properties located in Quebec.

The Company's mission is to sustainably recover precious metals through the recycling of end-of-life PGM containing components, while meeting global "green" standards of the automotive industry.

**2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS**

The Company's condensed interim financial statements have been prepared based on International Financial Reporting Standards (IFRS) applicable in the preparation of financial statements, in accordance with IAS 34 standard, *Interim Financial Reporting*.

The condensed interim financial statements must be read in conjunction with the most recent annual financial statements and the accompanying notes as at December 31, 2013 and for the year then ended.

The Company's registered office is 620 St-Jacques Street, Office 110, Montreal, Quebec, H3C 1C7. The Company is incorporated under the *Canadian Business Corporations Act*. and its shares are listed on the TSX Venture Exchange under the symbol "NOV".

The condensed interim financial statements for the reporting period ended September 30, 2014 were approved and authorized for issue by the Board of Directors on November 19, 2014.

**3. SUMMARY OF ACCOUNTING POLICIES**

Accounting policies and methods of computation followed in the condensed interim financial statements are the same as those used in the most recent annual financial statements.

**3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorization of these condensed interim financial statements, certain new standards, amendments and interpretations to existing standards have been published, but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

***IFRS 9 Financial Instruments (IFRS 9)***

The International Accounting Standards Board (IASB) has replaced IAS 39 Financial Instruments: Recognition and measurement in its entirety with IFRS 9. The new section deals with the classification and measurement of financial assets and liabilities, a new expected-loss impairment model and a substantially-reformed approach to hedge accounting.

This new standard is effective for annual periods beginning on or after January 1<sup>st</sup>, 2018.

**NovX21 Inc.**

**Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

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**4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the judgments, estimates and significant assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is the same as that disclosed in the most recent annual financial statements.

**5. CASH**

The balance on flow-through financing not disbursed represents \$202,161 (\$299,000 as at December 31, 2013). The Company has to dedicate these funds to the exploration of its mining properties.



**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**6. EXPLORATION AND EVALUATION ASSETS**

	Balance as at January 1 <sup>st</sup> , 2014	Additions	Exploration credits	Balance as at September 30, 2014
	\$	\$	\$	\$
Lac Ewart				
Mining rights	11,403	-	-	11,403
Exploration and evaluation expenses	60,941	68,000	-	128,941
	<u>72,344</u>	<u>68,000</u>	<u>-</u>	<u>140,344</u>
Menarik				
Mining rights	7,592	381	-	7,973
Exploration and evaluation expenses	7,032,007	28,839	-	7,060,846
	<u>7,039,599</u>	<u>29,220</u>	<u>-</u>	<u>7,068,819</u>
Tavernier				
Mining rights	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Vauquelin				
Mining rights	<u>1,562</u>	<u>-</u>	<u>-</u>	<u>1,562</u>
Total exploration and evaluation assets	<u>7,113,506</u>	<u>97,220</u>	<u>-</u>	<u>7,210,726</u>

**NovX21 Inc.**

**Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

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**6. EXPLORATION AND EVALUATION ASSETS** (continued)

**Lac Ewart**

The Company holds a 100% interest in the property located in the James Bay area, Quebec and is committed to pay a 1% net smelter return on the value of the production from 21 of the 32 claims held on the property. This royalty can be bought back at any time in consideration of a 1 million dollars payment.

**Menarik**

The Company holds a 100% interest in the property located in the James Bay area, Quebec and is not subject to any royalty.

**Others**

Other properties of the Company are subject to royalties ranging from 1% to 1.5% of any production sold resulting from these claims.

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

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Unaudited, in Canadian dollars

**7. PROPERTY AND EQUIPMENT**

	<u>Land</u>	<u>Pilot plant equipment</u>	<u>Leasehold improvements</u>	<u>Computer equipment</u>	<u>Furnitures and fixtures</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>						
Balance as at January 1 <sup>st</sup> , 2014	4,480	950,354	135,495	2,670	12,036	1,105,035
Acquisitions	-	83,657	-	11,719	-	95,376
Balance as at September 30, 2014	<u>4,480</u>	<u>1,034,011</u>	<u>135,495</u>	<u>14,389</u>	<u>12,036</u>	<u>1,200,411</u>
<b>Accumulated depreciation and impairment</b>						
Balance as at January 1 <sup>st</sup> , 2014	-	596,045	130,668	2,550	12,036	741,299
Depreciation	-	74,302	1,549	1,721	-	77,572
Balance as at September 30, 2014	<u>-</u>	<u>670,347</u>	<u>132,217</u>	<u>4,271</u>	<u>12,036</u>	<u>818,871</u>
<b>Carrying amount as at September 30, 2014</b>	<u>4,480</u>	<u>363,664</u>	<u>3,278</u>	<u>10,118</u>	<u>-</u>	<u>381,540</u>

All depreciation expenses are included within Depreciation of property and equipment, except for depreciation expenses related to property and equipment used in the development of the technology to increase the chromium to iron ratios of chromite and extract platinum group metals, which are capitalized as intangible assets. An amount of \$77,452 was capitalized as intangible assets during the period.

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**8. INTANGIBLE ASSETS**

	Technology to increase the chromium to iron ratios of chromite and extract platinum group metals \$	Patents \$	Total \$
<b>Gross carrying amount</b>			
Balance as at January 1 <sup>st</sup> , 2014	4,774,733	159,914	4,934,647
Acquisitions	879,469	3,396	882,865
Balance as at September 30, 2014	<u>5,654,202</u>	<u>163,310</u>	<u>5,817,512</u>
<b>Accumulated depreciation</b>			
Balance as at January 1 <sup>st</sup> , 2014	-	51,597	51,597
Depreciation	-	6,044	6,044
Balance as at September 30, 2014	<u>-</u>	<u>57,641</u>	<u>57,641</u>
<b>Carrying amount as at September 30, 2014</b>	<u><u>5,654,202</u></u>	<u><u>105,669</u></u>	<u><u>5,759,871</u></u>

**Recoverability of the technology to increase the chromium to iron ratios of chromite and extract platinum group metals**

The carrying amount of the technology to increase the chromium to iron ratios of chromite and extract platinum group metals not yet available for use in the manner intended by management represents the development costs of \$5,654,202 as at September 30, 2014 (\$4,774,733 as at December 31, 2013). An impairment test was done as at December 31, 2013 and no impairment loss was recognized.

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**9. LEASE**

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due		
	Within 1 year	1 to 5 years	Total
	\$	\$	\$
September 30, 2014	40,529	43,907	84,436
December 31, 2013	40,529	74,303	114,832

The Company leases the offices of the pilot plant under a lease expiring on October 31, 2016.

Lease payments capitalized to intangible assets during the period amount to \$32,295 (\$41,256 for the year ended December 31, 2013). This amount consists of the minimum lease payments. The Company's operating lease agreement does not contain any contingent rent clauses.

**10. TRADE AND OTHER PAYABLES**

	September 30, 2014	December 31, 2013
	\$	\$
Trade	178,509	181,081
Trade from a company with a common officer	40,241	-
Trade from a company of which a partner is a director of the Company	30,483	-
	<u>249,233</u>	<u>181,081</u>

**11. DEFERRED GRANT**

The Company has obtained a grant of \$750,000 from Canada Economic Development related to the acquisition of a process to increase the chromium to iron ratios of chromites and extract platinum group metals. This government grant has been deferred and presented as a liability in the condensed interim statement of financial position. This grant will become payable only when revenue will be derived by commercial production of mining deposits of the Company by using the process in development and this by paying yearly royalties or when proceeds will be derived from the sale of patent rights or the patents themselves. The reimbursements will then be limited to an amount equal to twice the total grant received. The liability to repay government assistance will be accounted for at its fair value only in the period in which conditions will arise that will cause government assistance to become repayable.

**12. SHARE CAPITAL****12.1 Share capital**

The share capital of the Company consists only of ordinary shares.

**Authorized share capital**

Unlimited number of class "A" shares without par value, voting, participating, dividend as declared by the Board of Directors.

Unlimited number of class "B" shares without par value, with 25 voting rights per share, non-participating, dividend as declared by the Board of Directors.

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**12. SHARE CAPITAL** (continued)**12.1 Share capital** (continued)**Authorized share capital** (continued)

Unlimited number of class "C" shares issuable in series. The directors will define the rights and privileges upon issuance.

Changes in issued class "A" shares are as follows:

	<u>Number</u>
Balance of class "A" shares as at January 1 <sup>st</sup> , 2014	82,144,144
Private placements <sup>(a)</sup>	<u>20,070,000</u>
Balance of class "A" shares as at September 30, 2014	<u>102,214,144</u>

- (a) On January 8 and 17, 2014, the Company completed the last portions of the private placement in the amount of \$2,991,750. As part of the last portions of this placement, the Company has issued 20,070,000 class "A" shares at a price of \$0.10 per share and 20,070,000 warrants for an amount of \$2,007,000. Each warrant entitles its holder to subscribe to an equivalent number of class "A" shares at a price of \$0.20 per share expiring 36 months following the closing of the placement. No amount related to the warrants issued was recorded in contributed surplus.

As part of this placement, the Company issued 1,632,400 warrants to brokers. Each warrant entitles its holder to subscribe to an equivalent number of class "A" shares at a price of \$0.10 per share expiring 18 months following the closing of the placement.

**12.2 Warrants**

Outstanding warrants entitle their holders to subscribe to an equivalent number of class "A" shares, as follows:

	<u>Number</u>	<u>Weighted average exercise price</u>
Balance as at January 1 <sup>st</sup> , 2014	30,173,500	\$ 0.24
Issued	21,702,400	0.19
Expired	(9,000,000 )	0.40
Balance as at September 30, 2014	<u>42,875,900</u>	0.19

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**12. SHARE CAPITAL** (continued)**12.2 Warrants** (continued)

Warrants outstanding and exercisable as at September 30, 2014 and December 31, 2013:

Expiry date	September 30,	December 31,	Exercise price \$
	2014	2013	
	Number	Number	
May 2014	-	8,600,000	0.40
June 2014	-	400,000	0.35
December 2014	1,000,000	1,000,000	0.20
March 2015 <sup>(1)</sup>	7,900,000	7,900,000	0.20
June 2015	641,000	641,000	0.10
June 2015	152,000	152,000	0.30
July 2015	808,400	-	0.10
July 2015	824,000	-	0.10
March 2016	483,000	483,000	0.10
December 2016	9,512,500	9,512,500	0.20
December 2016	1,150,000	1,150,000	0.20
January 2017	10,105,000	-	0.20
January 2017	10,300,000	-	0.20
Balance before warrants to be issued	42,875,900	29,838,500	
To be issued			
December 2016	-	335,000	0.20
Balance of warrants	42,875,900	30,173,500	

<sup>(1)</sup> During the nine-month period ended September 30, 2014, the Company extended the expiry date of 7,900,000 warrants (10,000,000 as at December 31, 2013) for a period of 12 months.

During the nine-month period ended September 30, 2014, the Company recorded an amount of \$154,024 (\$140,210 as at December 31, 2013) as units issuance costs for the warrants issued to brokers and a total amount of \$497,700 (\$1,326,502 as at December 31, 2013) for the diluting effect of the extended warrants. The amounts were recorded in contributed surplus.

The fair value of the extended warrants of \$0.06 (\$0.13 as at December 31, 2013) was accounted for in contributed surplus. This value was calculated using the Black-Scholes pricing model using the following weighted assumptions:

	September 30,	December 31,
	2014	2013
Average share price at the grant and modification date	\$0.145	\$0.24
Expected volatility	138.138%	160.87%
Risk-free interest rate	1.06%	1.08%
Expected life	1 year	1.09 year
Exercise price at the grant and modification date	\$0.20	\$0.35
Expected dividend	0%	0%

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**12. SHARE CAPITAL** (continued)**12.2 Warrants** (continued)

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the warrants.

**13. EMPLOYEE REMUNERATION****13.1 Salaries and other employee benefits expense**

Salaries and other employee benefits expense recognized for employee benefits are analysed as follows:

	September 30, 2014 (three months)	September 30, 2013 (three months)	September 30, 2014 (nine months)	September 30, 2013 (nine months)
	\$	\$	\$	\$
Salaries and benefits	11,576	6,904	26,164	21,023
Share-based payments	<u>83,484</u>	<u>76,669</u>	<u>314,558</u>	<u>242,707</u>
	95,060	83,573	340,722	263,730
Share-based payments capitalized to intangible assets	<u>(1,870 )</u>	<u>-</u>	<u>(39,254 )</u>	<u>(114 )</u>
Salaries and other employee benefits expense	<u>93,190</u>	<u>83,573</u>	<u>301,468</u>	<u>263,616</u>

**13.2 Share-based payments**

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for class "A" shares to eligible directors, officers, employees and consultants. On December 2, 2013, the Company changed the share-based payment plans adopted in 1994 and modified in 2007. The maximum number of shares that can be issued under the plan modified in 2007 ("2007 plan") is of 5,000,000 class "A" shares and under the plan modified in 2013 ("2013 plan"), 13,900,000 class "A" shares.

- i) The maximum number of class "A" shares that can be granted for a beneficiary, other than a consultant, during any 18-month period (2007 plan) and 12-month period (2013 plan) is limited to 5% of issued and outstanding shares and 2% of issued and outstanding shares for consultants;
- ii) According to the 2007 plan, options issued are exercisable at the rate of 15% per quarter except for 10% that is exercisable from grant date. According to the 2013 plan, the Board of Directors determines at its discretion the period of acquisition of the exercise right of the options granted; the options granted to consultants performing investor relations activities may be exercised by stages over a 12-month period following the grant, at the rate of 25% per quarter;
- iii) The exercise price of each option granted will not be less than the discounted closing market price on the day preceding the grant or, if there were no transaction on the preceding day, the average between the selling and the buying bids of the preceding days;
- iv) According to the 2007 plan, the term cannot exceed five years and according to the 2013 plan, 10 years.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.



**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

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Unaudited, in Canadian dollars

**13. EMPLOYEE REMUNERATION** (continued)**13.2 Share-based payments** (continued)

The Company's share options are as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price \$
Outstanding as at December 31, 2013	4,275,000	0.22
Attributed	1,650,000	0.16
Outstanding as at September 30, 2014	5,925,000	0.21

The table below summarizes the information related to outstanding share options as at September 30, 2014 and December 31, 2013:

Range of exercise price	September 30, 2014		December 31, 2013	
	Options outstanding		Options outstanding	
	Number	Weighted average remaining contractual life (years)	Number	Weighted average remaining contractual life (years)
0.15 to 0.25	5,325,000	2.75	3,675,000	2.75
0.30	600,000	0.78	600,000	0.20
	<u>5,925,000</u>		<u>4,275,000</u>	

As at September 30, 2014, 5,274,231 of the 5,425,000 options outstanding (2,114,231 of the 4,275,000 options outstanding as at December 31, 2013) are exercisable, and this, at an average exercise price of \$0.21 (\$0.24 as at December 31, 2013).

The weighted average fair value of the options granted of \$0.12 (\$0.13 as at December 31, 2013) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	September 30, 2014	December 31, 2013
Average share price at the grant date	\$0.14	\$0.19
Expected weighted volatility	134.89%	140.72%
Risk-free average interest rate	1.53%	1.32%
Expected average life	5 years	2.64 years
Average exercise price at grant date	\$0.16	\$0.22
Expected dividend yield	0%	0%

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**13. EMPLOYEE REMUNERATION** (continued)**13.2 Share-based payments** (continued)

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life. No special features inherent to the options granted were incorporated into fair value measurement.

For the nine-month period ended September 30, 2014, amounts of \$275,304 (\$242,593 as at September 30, 2013) and \$39,254 (\$114 as at September 30, 2013) were accounted for respectively as remuneration expenses in profit or loss and in intangible assets in the condensed interim statement of financial position and credited to contributed surplus.

**14. NET LOSS PER SHARE**

In calculating the net loss per share, potentially dilutive ordinary shares, such as share options and warrants, have not been included as they would have the effect of decreasing the loss per share and would thus have an antidilutive effect. Details of outstanding share options and warrants that could potentially dilute earnings per share in the future are given in Notes 12 and 13.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary as at September 30, 2014 and 2013:

	September 30, 2014 (three months) \$	September 30, 2013 (three months)	September 30, 2014 (nine months) \$	September 30, 2013 (nine months) \$
Net loss for the period	(345,463 )	(274,385 )	(1,173,177 )	(809,860 )
Weighted average number of Class "A" shares outstanding	102,214,144	69,929,796	101,357,807	67,446,278
Basic and diluted net loss per share	(0.00 )	(0.00 )	(0.01 )	(0.01 )

**15. ADDITIONAL INFORMATION - CASH FLOWS**

The changes in working capital items are detailed as follows:

	September 30, 2014 \$	September 30, 2013 \$
Accounts receivable	-	(16,200 )
Sales taxes receivable	8,503	8,835
Tax credits receivable	120,299	123,058
Prepaid expenses	7,685	5,095
Inventory	(53,035 )	(8,129 )
Trade and other payables	68,152	103,292
	<u>151,604</u>	<u>215,951</u>

**NovX21 Inc.****Notes to Condensed Interim Financial Statements**

September 30, 2014

Unaudited, in Canadian dollars

**15. ADDITIONAL INFORMATION - CASH FLOWS** (continued)

Non-cash balance sheet transactions are detailed as follows:

	September 30, 2014	September 30, 2013
	\$	\$
Share purchase options capitalized to intangible assets	39,254	114
Depreciation of property and equipment capitalized to intangible assets	77,452	71,301
Amortization of patents capitalized to intangible assets	6,043	5,917

**16. RELATED PARTY TRANSACTIONS**

The Company's related parties include companies with common directors, a company of which a partner is a director of the Company, and key management, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

**16.1 Transactions with key management personnel**

Key management personnel of the Company are members of the board of directors, the president, and the chief financial officer. Key management personnel remuneration includes the following expenses:

	September 30, 2014 (three months)	September 30, 2013 (three months)	September 30, 2014 (nine months)	September 30, 2013 (nine months)
	\$	\$	\$	\$
Short-term employee benefits				
Consulting fees	26,250	51,250	78,750	153,750
Consulting fees capitalized to intangible assets	26,250	26,250	78,750	78,750
Professional fees	16,560	-	41,820	-
Shares-based payments	1,870	36,391	79,910	105,631
Shares-based payments capitalized to intangible assets	1,870	-	39,254	-
Total remuneration	<u>72,800</u>	<u>113,891</u>	<u>318,484</u>	<u>338,131</u>

**16.2 Transactions with a related company**

During the nine-month period ended September 30, 2014, the Company incurred professional fees in the amount of \$107,417 (\$nil as at September 30, 2013) from a company of which a partner is a director of the Company.