Unaudited Condensed Interim Financial Statements of

LABRADOR TECHNOLOGIES INC.

Three- and nine- month periods ended July 31, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of Labrador Technologies Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statement of Financial Position

(Unaudited)
(expressed in Canadian dollars)

As At		July 31, 2019		October 31, 2018
ASSETS				
Current Assets				
Cash	**$**	**7,788**	$	52,103
Accounts Receivable		**1,656**		2,845
Prepaid Expenses		**5,030**		8,232
		14,474		63,180
Property, Equipment, and Software (note 6)		**-**		4,546
Total Assets	**$**	**14,474**	$	67,726
Liabilities and Shareholders' Deficit				
Current Liabilities				
Trade Payables and Accrued Liabilities (note 7)	**$**	**843,370**	$	985,805
Loans Payable (note 8)		**108,752**		33,642
Deferred Revenue (note 9)		**-**		500
Total Liabilities		**952,122**		1,019,947
Shareholders' Deficit				
Common Shares (note 10(a))		**11,690,740**		11,565,740
Shares to be Issued		**-**		100,000
Warrants (note 10(d))		**32,168**		26,411
Contributed Surplus		**3,717,076**		3,699,226
Deficit		**(16,377,632)**		(16,343,598)
		(937,648)		(952,221)
Total Liabilities and Shareholders' Deficit	**$**	**14,474**	$	67,726

Going concern (note 3)
Subsequent events (note 13)

See accompanying notes to financial statements

Approved by the Board

“ Signed ”
George Wilson
Director

“ Signed ”
Jeffrey Howe
Director

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited)
(expressed in Canadian dollars)

	Three Months Ended		Nine Months Ended	
	July 31, 2019	**July 31, 2018**	**July 31, 2019**	**July 31, 2018**
	$	**$**	**$**	**$**
Revenue				
License Fees (note 9)	**-**	3,728	**1,186**	10,959
Expenses				
General & Administrative	**19,614**	87,546	**161,994**	248,207
Share Based Compensation	**1,609**	150,711	**23,607**	592,323
Development & Related	**(4,821)**	17,524	**6,507**	20,595
Marketing & Sales	**-**	45,000	**7,682**	138,000
	16,402	300,781	**199,790**	999,125
Operating Loss	**(16,402)**	(297,053)	**(198,604)**	(988,166)
Finance Costs	**(4,130)**	(2,794)	**(10,726)**	(13,561)
Other Income	**-**	-	**175,296**	42,406
Income (loss) before income and other taxes	**(20,532)**	(299,847)	**(34,034)**	(959,321)
Deferred Tax Recovery	**-**	-	**-**	82,038
Net Income (Loss) & Comprehensive Income (Loss)	**(20,532)**	(299,847)	**(34,034)**	(877,283)
Earning (loss) per share				
Basic & diluted (note 10(e))	**(0.00)**	(0.00)	**(0.00)**	(0.00)

See accompanying notes to the financial statements

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Changes in Deficit

(Unaudited)
(expressed in Canadian dollars)

	Capital	Shares to be Issued	Warrants	Contributed Surplus	Deficit	Total
	$	$	$	$	$	$
Balance at October 31, 2018	**11,565,740**	**100,000**	**26,411**	**3,699,226**	**(16,343,598)**	**(952,221)**
Common shares issued, net	125,000	(100,000)	-	-	-	25,000
Options and warrants	-	-	5,757	17,850	-	23,607
Net loss and comprehensive loss	-	-	-	-	(34,034)	(34,034)
Balance at July 31, 2019	**11,690,740**	**-**	**32,168**	**3,717,076**	**(16,377,632)**	**(937,648)**
Balance at October 31, 2017	**10,540,948**	**-**	**-**	**2,635,520**	**(15,202,998)**	**(2,026,530)**
Common shares issued, net	1,024,792	-	-	-	-	1,024,792
Forgiveness of debt by related parties	-	-	-	393,911	-	393,911
Options and warrants	-	-	26,411	592,323	-	618,734
Net loss and comprehensive loss	-	-	-	-	(877,283)	(877,283)
Balance at July 31, 2018	**11,565,740**	**-**	**26,411**	**3,621,754**	**(16,080,281)**	**(866,376)**

See accompanying notes to financial statements

LABRADOR TECHNOLOGIES INC.
Condensed Interim Statements of Cash Flows

(Unaudited)
(expressed in Canadian dollars)

	Three Months Ended		**Nine Months Ended**	
	July 31, 2019	**July 31, 2018**	**July 31, 2019**	**July 31, 2018**
	$	**$**	**$**	**$**
Cash flows used in operating activities				
Net Loss	**(20,532)**	(299,847)	**(34,034)**	(877,283)
Adjustments for:				
Deferred income tax recovery	**-**	-	**-**	(82,038)
Share based compensation	**1,609**	150,711	**23,607**	592,323
Depreciation	**-**	424	**4,546**	1,273
Finance costs	**4,130**	2,794	**10,726**	13,561
Gain on settlement of debt	**-**	-	**(175,296)**	(42,406)
	(14,793)	(145,918)	**(170,451)**	(394,570)
Changes in non-cash working capital				
Accounts receivable	**(274)**	3,011	**1,189**	6,035
Prepaid expenses	**(2,021)**	(3,232)	**3,202**	(8,009)
Accounts payable and accrued liabilities	**(1,971)**	2,943	**24,186**	(170,425)
Deferred revenue	**-**	(3,500)	**(500)**	(4,500)
Cash used in operating activities	**(19,059)**	(146,696)	**(142,374)**	(571,469)
Interest paid	**(840)**	-	**(2,051)**	(841)
Net cash used in operating activities	**(19,899)**	(146,696)	**(144,425)**	(572,310)
Cash flows from financing activities				
Common share issued, net	**25,000**	-	**25,000**	625,475
Proceeds from loan advances	**-**	-	**75,110**	16,425
Net cash provided by financing activities	**25,000**	-	**100,110**	641,900
Increase (decrease) in cash	**5,101**	(146,696)	**(44,315)**	69,590
Cash, beginning of period	**2,687**	224,158	**52,103**	7,872
Cash, end of period	**7,788**	77,462	**7,788**	77,462

See accompanying notes to the financial statements

1. Reporting entity:

Labrador Technologies Inc. ("LTI" or the "Company") is a company domiciled in Alberta, Canada and is incorporated pursuant to the Business Corporations Act (Alberta), with its common shares listed on the TSX Venture Exchange under the symbol "LTX". The address of LTI's registered office is 350 - 229 11th Avenue S.E., Calgary, Alberta, Canada T2G 0Y1. The Company is engaged in the research and development and marketing of data retrieval technology for customers.

2. Basis of preparation:

a) *Statement of compliance:*

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements were authorized for issue by the Board of Directors on September 30, 2019.

b) *Basis of measurement:*

The financial statements have been prepared on the historical cost basis.

c) *Use of estimates and judgments:*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, costs and expenses for the period. Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and are reviewed on an ongoing basis. Actual results may differ from such estimates and it is possible that the differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and underlying assumptions are reviewed on an ongoing basis and are the same as those disclosed in the Company's October 31, 2018 audited financial statements.

d) *Functional and presentation currency:*

The financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

3. Going concern:

These financial statements have been prepared in accordance with IFRS applicable to a going concern which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

In recent years, the Company has raised capital in order to fund the development of its web-based oil and gas data retrieval software products, eTriever and wellTriever and, more recently, the development of the Cannaverse lifestyle app, which is targeted at the cannabis industry. The Company has raised in excess of $6.4 million during the period August 1, 2005 through July 31, 2019.

There is a material uncertainty that may cast a significant doubt about the appropriateness of using the going concern assumption because the Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash to settle its existing liabilities and fund its strategic business plan. To date, the Company has minimal revenue and is now, in the short term, dependent on raising sufficient capital to fund its obligations, including the working capital deficiency of $937,648 as at July 31, 2019 (October 31, 2018 - $956,767). In addition, the Company will continue to pursue opportunities to license its eTriever software and to generate revenue from the Company's product, wellTriever. Revenue realized through these additional sources is expected to assist the Company in realizing its assets and discharging its obligations.

As at July 31, 2019, the Company had cash of $7,788, a working capital deficiency of $937,648 and $16,377,632 of shareholders' deficit. During the nine months ended July 31, 2019, the Company recorded a net loss of $34,034 (2018 – net loss of $877,283) and used cash in operations totaling $144,425 (2018 – used $572,310).

During the year ended October 31, 2018, there were several material improvements to the Company's financial position including $918,297 in indebtedness owed to creditors being converted into common shares or forgiven and $625,475 (net of finder's fees) being raised in a financing (note 10). These items, combined with the conversion of $1,666,982 of indebtedness into common shares prior to October 31, 2017 have improved the Company's working capital by over $3.2 million.

During the current fiscal year, the Company entered into debt forgiveness agreements for the forgiveness of certain trade payables due to third parties amounting to $175,296. The Company also entered into settlement agreements with certain creditors of the Company (the "Creditors"), pursuant to which the Company will issue common shares to the Creditors, in satisfaction of $85,822 of indebtedness currently owed to the Creditors. This transaction is subject to regulatory approval. Accordingly, the debt remains in accounts payable and shares have not yet been issued.

Management believes the going concern assumption is still appropriate for these financial statements but is dependent upon the successful raising of sufficient capital in the future as required, achieving and sustaining profitable operations, as well as the continued support from related parties and trade and other creditors. There can be no assurance that the steps management is taking will be successful. This assumption will be reviewed on an ongoing basis by management and the Board of Directors. If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the classifications used in the statement of financial position.

4. Summary of significant accounting policies:

The financial framework and accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in the most recently completed audited financial statements for the year ended October 31, 2018.

Changes in accounting policies

The Company has adopted IFRS 9 Financial Instruments ("IFRS 9") as of February 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets and liabilities	**Classification under IAS 39**	**New Classification under IFRS 9**
Cash and cash equivalents	FVTPL	FVTPL
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Loan payables	Other financial liabilities	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit as of November 1, 2018.

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss.

(expressed in Canadian dollars)

5. Recent accounting pronouncements:

a) *IFRS 16 Leases ("IFRS 16")*

On January 13, 2016, the IASB issued IFRS 16. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company is in the process of assessing the impact of this standard on its financial statements.

6. Property, Equipment, and Software:

Cost	**Computer Equipment ($)**	**Furniture and Office Equipment ($)**	**Purchased Computer Software ($)**	**Total ($)**
Balance at October 31, 2017	509,688	191,510	307,689	1,008,887
Additions	-	-	-	-
Balance at October 31, 2018	509,688	191,510	307,689	1,008,887
Additions	-	-	-	-
Balance at July 31, 2019	509,688	191,510	307,689	1,008,887
Accumulated depreciation				
Balance at October 31, 2017	(505,240)	(189,728)	(307,675)	(1,002,643)
Depreciation charge for the year	(1,334)	(356)	(7)	(1,697)
Balance at October 31, 2018	(506,574)	(190,084)	(307,682)	(1,004,340)
Depreciation charge for the period	(3,114)	(1,426)	(7)	(4,547)
Balance at July 31, 2019	(509,688)	(191,510)	(307,689)	(1,008,887)
Carrying amount				
At October 31, 2018	3,114	1,426	7	4,546
At July 31, 2019	-	-	-	-

During the period ended April 30, 2019, the Company wrote off the balance of its property, equipment and software in connection with the moving of its head office.

(expressed in Canadian dollars)

7. Trade Payables and Accrued Liabilities:

As at	**July 31, 2019 ($)**	October 31, 2018 ($)
Trade Payables	**197,964**	191,372
Employee salaries, commissions and benefits payable	**582,916**	690,749
Accrued interest	**44,547**	102,951
Other accrued liabilities and other payables	**17,943**	733
	843,370	985,805

Included in trade payables is $nil (October 31, 2018 - $2,577) owing to an Officer and Directors. All trade payables and accrued liabilities are currently due, and expected to be settled as funding allows.

During the quarter ended April 30, 2019, The Company entered into debt forgiveness agreements for the forgiveness of certain trade payables due to third parties amounting to $175,296.

In addition, the Company entered into settlement agreements with certain creditors of the Company (the "Creditors"), pursuant to which the Company will issue common to the Creditors, in satisfaction of $85,822 of indebtedness currently owed to the Creditors. This transaction is subject to regulatory approval. Accordingly, the debt remains in accounts payable and shares have not yet been issued.

8. Loans Payable and Related Party Transactions:

a) *Related Party Transactions:*

As at July 31, 2019, the Company had $108,752 (October 31, 2018 - $33,642) of loans payable to certain officers, directors, former directors, and shareholders. These loans bear interest at 12% per year, are unsecured and due on demand. Total interest accrued and payable as at July 31, 2019 was $44,547 (October 31, 2018 - $102,951). This amount is recorded in trade payable and accrued liabilities. During the quarter ended January 31, 2019, additional advances on these loans of $75,110 (2018 - $16,425) were made to the Company. Total interest expense of $9,057 (2018 - $8,409) on these loans was recognized.

On January 9, 2018, 6,000,000 options were granted to directors of at a price of $0.06 per share with an expiry date of January 9, 2023. 50% of the options vested on issuance and 50% on January 9, 2019. On July 19, 2018, 3,500,000 of these options were surrendered to the Company for cancellation (See note 10).

On January 29, 2018, the Company entered into debt settlement agreements with four creditors (including 1 director), pursuant to which the Company issued 8,514,568 common shares at a price of $0.05 per share in satisfaction of $425,729 of debt. In addition, the Company announced that $492,569 in interest payable has been forgiven by certain debt holders, including 3 directors. Of this amount, $393,911 was recorded as contributed surplus (net of $82,038 of tax) and the remaining $16,620 as gain on settlement of debt.

On September 12, 2018, 2,000,000 options were granted to a director at a price of $0.05 per share with an expiry date of September 12, 2023. These options vested immediately.

(expressed in Canadian dollars)

b) *Key Management Personnel Compensation*

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

In addition to their salaries and director fees, as applicable, directors and executive officers, along with certain employees of the Company, also participate in the Company's stock option plan (note 10). Compensation expenses incurred with respect to key management personnel were as follows:

	Three months ended July 31, 2019	**Three months ended July 31, 2018**	**Nine months ended July 31, 2019**	**Nine months ended July 31, 2018**
Salaries	$ nil	$ 33,000	$ 7,000	$ 95,000
Total Compensation	$ nil	$ 33,000	$ 7,000	$ 95,000

9. Deferred Revenue:

License fees received from the Company's eTriever product are recognized ratably over the term of the license. As of July 31, 2019, all deferred revenue balances representing eTriever license fees have been recognized.

10. Share Capital:

a) Authorized:

Unlimited preferred shares, series A and B, none of which were issued at January 31, 2019, and unlimited common shares.

b) Common shares issued:

	July 31, 2019		October 31, 2018	
	Number of Shares	**Amount ($)**	Number of Shares	Amount ($)
Balance, beginning	168,230,352	11,565,740	146,265,784	10,540,948
Common share issued, net	4,500,000	125,000	21,964,568	1,024,792
Balance, ending	172,730,352	11,690,740	168,230,352	11,565,740

On January 29, 2018, the Company closed a financing for 13,450,000 units, at a price of $0.05 per unit ("Unit"), for gross proceeds of $672,500. Each Unit consists of 1 common share and 1 common share purchase warrant, with an exercise price of $0.10 for a period of two years. In addition, and in connection with this financing, the Company paid $47,025 in finder's fees and 940,500 broker warrants were issued to eligible finders pursuant to the terms of the offering. The broker warrants are exercisable for two years, with an exercise price of $0.05. The fair value of these warrants was estimated to be $26,411, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.95%, expected life of 2 years and no dividend yield. As a result of the finder's fee and broker's warrants, $73,437 was recorded as share issuance cost.

(expressed in Canadian dollars)

On January 29, 2018, the Company entered into debt settlement agreements with four creditors (including 1 director), pursuant to which the Company issued 8,514,568 common shares at a price of $0.05 per Share in satisfaction of $425,728 of debt.

On January 29, 2018, the Company announced that that $492,569 in interest payable has been forgiven by certain debt holders, including 3 directors. Of this amount, $393,911 was recorded as contributed surplus (net of $82,038 of tax) and the remaining $16,620 as gain on settlement of debt.

On November 16, 2018, the Company closed a financing for 2,000,000 units, at a price of $0.05 per unit (“Unit”), for gross proceeds of $100,000. Each Unit consists of 1 common share and 1 common share purchase warrant, with an exercise price of $0.10 for a period of two years. The fair value of these warrants was estimated to be $5,126, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.22%, expected life of 2 years and no dividend yield. The value of the warrants is recorded as stock-based compensation. On December 8, 2018, the Company announced that there was a mutual termination to the previously announced financing that would have resulted in additional gross proceeds of $900,000.

On May 16, 2019, the Company raised $25,000 through the issuance of 2.5 million units, each unit consisting of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one share at an exercise price of $0.05 for a period of two years from the date of closing. The fair value of these warrants was estimated to be $631, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.59%, expected life of 2 years and no dividend yield. The value of the warrants is recorded as stock-based compensation.

c) Stock option plan:

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

		July 31, 2019		**October 31, 2018**
	Number of Options	Weighted Average Price	Number of Options	Weighted Average Price
Balance	15,750,000	$ 0.06	-	$ -
Granted	1,250,000	0.05	20,750,000	0.06
Cancelled/Expired	(820,000)	-	(5,000,000)	0.06
Balance	16,180,000	$ 0.05	15,750,000	$ 0.06
Exercisable	16,375,000	$ 0.05	14,250,000	$ 0.06

(expressed in Canadian dollars)

	July 31, 2019	**October 31, 2018**
Weighted average remaining life	3.40 years	4.08 years
Range of exercise price	$0.05 - $0.06	$0.05 - $0.06

On January 9, 2018, 6,000,000 options were granted to directors of at a price of $0.06 per share with an expiry of January 9, 2023. In addition, 6,500,000 options were granted to consultants of at a price of $0.06 per share with an expiry of January 9, 2023. 50% of these options vested on issuance and 50% will vest on January 9, 2019. The fair value of these options was estimated to be $505,445, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.01%, expected life of 5 years and no dividend yield. This amount is recorded as share based compensation over its vesting period. On July 19, 2018, 5,000,000 of these options were surrendered to the Company for cancellation and, as part of the agreement to surrender these options, all option holders who have surrendered their options have had their remaining options vested immediately, resulting in an additional share compensation expense of $134,980.

On January 26, 2018, 1,000,000 options, which vested immediately, were granted to a consultant at a price of $0.055 per share with an expiry of January 26, 2021. The fair value of these options was estimated to be $31,726, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.93%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation.

On February 2, 2018, 1,000,000 options, which vested immediately, were granted to a consultant at a price of $0.05 per share with an expiry of February 2, 2023. The fair value of these options was estimated to be $30,864, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.13%, expected life of 5 years and no dividend yield. This amount is recorded as share based compensation.

On February 22, 2018, 1,000,000 options, which vested immediately, were granted to a consultant at a price of $0.05 per share with an expiry of February 22, 2021. The fair value of these options was estimated to be $24,922, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.92%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation.

On March 2, 2018, 250,000 options were granted to a consultant at a price of $0.05 per share with an expiry of March 2, 2021. 50% of these options vested on issuance and 50% will vest on March 2, 2019. The fair value of these options was estimated to be $5,310, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.87%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation over its vesting period.

On March 6, 2018, 250,000 options were granted to a consultant at a price of $0.05 per share with an expiry of March 6, 2021. 50% of these options vested on issuance and 50% will vest on March 6, 2019. The fair value of these options was estimated to be $4,438, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.88%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation over its vesting period.

(expressed in Canadian dollars)

On March 23, 2018, 820,000 options, which vested immediately, were granted to a consultant at a price of $0.05 per share with an expiry of March 23, 2021. The fair value of these options was estimated to be $23,366, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.06%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation. These options have terminated as a result of the termination of the agreement.

On September 12, 2018, 3,680,000 options, which vested immediately, were granted to a directors and consultants at a price of $0.05 per share with an expiry of September 12, 2023. The fair value of these options was estimated to be $54,180, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.25%, expected life of 5 years and no dividend yield. This amount is recorded as share based compensation.

On September 17, 2018, 250,000 options, which vested immediately, were granted to a directors and consultants at a price of $0.05 per share with an expiry of September 17, 2023. The fair value of these options was estimated to be $3,681, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.25%, expected life of 5 years and no dividend yield. This amount is recorded as share based compensation.

On December 3, 2018, 1,250,000 options were granted to a consultant at an exercise price of $0.05 per share with an expiry date of December 3, 2023. 50% of these options vested on issuance and 50% will vest on December 3, 2019. The fair value of these options was estimated to be $8,541, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.19%, expected life of 5 years and no dividend yield. This amount is recorded as share based compensation over its vesting period.

d) Warrants

		July 31, 2019		**October 31, 2018**
	Number of Warrants	Weighted Average Price	Number of Warrants	Weighted Average Price
Balance	14,390,500	$ 0.10	-	$ -
Granted	3,250,000	0.08	14,390,500	0.10
Balance	17,640,500	$ 0.09	14,390,500	$ 0.10
Exercisable	17,640,500	$ 0.09	14,390,500	$ 0.10

e) Per share amounts:

The weighted average number of common shares outstanding during the three and nine months ended July 31, 2019 were 170,665,136 and 170,825,290, respectively (2018 – 168,230,352 and 161,069,742).

As at July 31, 2019, there was no dilutive effect of options and warrants.

11. Capital Management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth to maximize the return to its shareholders. The capital structure of the Company consists of cash and shareholders' deficit. The Company does not have any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.
The Company makes adjustments to its capital structure in light of general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, buy back shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business. See note 15 for liquidity risk related disclosures.

12. Financial Instruments and Financial Risk Management:

i) Classification of financial instruments:

	Classification	Measurement
Cash	FVTPL	FVTPL
Trade and other receivables	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost
Loan payables	Amortized cost	Amortized cost

ii) Determination of Fair Values

The following table analyzes recurring assets and liabilities measured at fair value in the statement of financial position. The different levels are defined as follows:

Level 1 - Determined by reference to quoted in active markets for identical financial assets and liabilities.

- The fair value of loans payable approximates their carrying value as they are payable on demand.
- The fair value of trade payables and accrued liabilities approximates their carrying value due to their short term to maturity.

Level 2 – Inputs to the valuations, other than quoted prices, are observable for the financial assets and liabilities, either directly or indirectly.

Level 3 – Inputs to the valuations are based on inputs that are not observable for the financial assets and obligations.

(expressed in Canadian dollars)

July 31, 2019	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**
Financial Assets			
Cash	7,788		
Financial Liabilities			
Accounts payable and accrued liabilities	843,370		
Loan payable	108,752		

Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

a) Interest rate risk:

Interest rate risk is the risk that fair value of a financial instrument or its cash flows will fluctuate as a result of changes in interest rates.

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations.

The loans payable bear interest at a fixed rate of 12% and are due upon demand, thus the cash flows are not subject to interest rate risk.

b) Liquidity risk:

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. Given that the Company continues to use cash in operations, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company on a timely basis. Refer to note 3 for details regarding the going concern assumption.

At July 31, 2019, the Company has cash balances of $7,788 and a working capital deficiency of $937,648. The Company has financial liabilities of $843,370 classified as current liabilities.

Corporate Information

For further information on Labrador Technologies Inc., please visit our website at www.labradortechnologies.com.

Board of Directors
George A. Wilson*, Q.C., Toronto, Ontario
Jeffrey Howe*, Toronto, Ontario
Alexander Von Gramatzki*, Calgary, Alberta

*- members of the Audit Committee

Executives and Officers
Kaan Camlioglu, Interim Chief Executive Officer
Jeffrey Howe, Interim Chief Financial Officer

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Stock Exchange
The TSX Venture Exchange
Trading Symbol: LTX