
GRAPHENE 3D LAB INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018
(Unaudited - Expressed in US Dollars)

Notice of non-review of condensed interim consolidated financial statements

The accompanying condensed interim consolidated financial statements for the nine month period ended February 28, 2019 and 2018 are the responsibility of management and have been approved by the Board of Directors. The Company's independent auditor has not reviewed these condensed interim consolidated financial statements.

GRAPHENE 3D LAB INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2019 AND MAY 31, 2018

(Unaudited - Expressed in US Dollars)

	Notes	February 28, 2019	May 31, 2018
ASSETS			
		\$	\$
Current			
Cash and cash equivalents		116,312	426,878
Amounts receivable	5	24,175	23,631
Inventory	6	318,303	394,611
Prepaid expenses and deposits		45,194	65,478
		503,984	910,598
Equipment	7	169,877	221,532
Intangible assets	4	316,372	349,102
		990,233	1,481,232
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	237,009	198,655
		237,009	198,655
Deferred income tax		56,525	56,525
		293,534	255,180
SHAREHOLDERS' EQUITY			
Share capital	9	7,205,717	7,205,717
Warrants	9	33,946	33,946
Contributed surplus		2,821,938	2,821,938
Accumulated other comprehensive loss		(96,372)	(92,883)
Deficit		(9,268,530)	(8,742,666)
		696,699	1,226,052
		990,233	1,481,232

Nature of Operations (Note 1)

Going Concern (Note 2(c))

Commitments (Note 12)

Subsequent Event (Note 14)

Approved on behalf of the Board of Directors on April 29, 2019:

"Daniel Stolyarov" Director
Daniel Stolyarov

"John Gary Dyal" Director
John Gary Dyal

GRAPHENE 3D LAB INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited - Expressed in US Dollars)

	Three months February 28, 2019	Three months February 28, 2018	Nine months February 28, 2019	Nine months February 28, 2018
	\$	\$	\$	\$
REVENUE	305,790	235,592	740,225	680,070
COST OF GOODS SOLD	(69,648)	(127,329)	(367,721)	(285,941)
	236,142	108,263	372,504	394,129
EXPENSES				
Share-based compensation (Note 9)	-	-	-	226,514
Salaries and benefits (Note 8)	59,908	140,706	242,121	241,249
Research and development	19,420	64,618	104,550	171,114
Professional fees	94,447	58,197	219,328	318,712
Marketing and investor relations	7,577	23,669	27,047	63,271
Office and administrative	52,867	72,980	166,520	150,257
Regulatory fees	16,864	23,532	31,295	35,765
Travel (recovery)	(220)	598	6,519	19,068
Foreign exchange loss (gain)	40	-	(34)	(100)
Depreciation (Note 7)	23,234	16,760	68,292	70,407
	(274,137)	(401,060)	(865,638)	(1,296,257)
Other items:				
Amortization of intangible asset (Note 4)	(10,910)	(10,910)	(32,730)	(32,730)
Accretion expense	-	-	-	(900)
Gain (Loss) on disposal of equipment	-	-	-	(16,500)
	(10,910)	(10,910)	(32,730)	(50,130)
NET LOSS	(48,905)	(303,707)	(525,864)	(952,258)
OTHER COMPREHENSIVE LOSS				
Items that may be reclassified subsequently to income:				
Foreign currency translation income (loss)	(374)	15,000	(3,489)	22,365
COMPREHENSIVE LOSS	(49,279)	(288,707)	(529,353)	(929,893)
LOSS PER SHARE - BASIC AND DILUTED	\$ (0.001)	\$ (0.005)	\$ (0.007)	\$ (0.015)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	73,451,814	56,038,921	73,451,814	62,096,889

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

GRAPHENE 3D LAB INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018**

(Unaudited - Expressed in US Dollars)

	Notes	February 28, 2019	February 28, 2018
OPERATING ACTIVITIES			
Net loss		(525,864)	(952,258)
Non-cash items:			
Amortization of intangible asset	4	32,730	32,730
Depreciation	7	68,292	70,407
Foreign exchange (gain) loss		(34)	-
Share-based compensation	9	-	226,514
		(424,876)	(622,607)
Changes in non-cash working capital items:			
Amounts receivable	5	(544)	(11,791)
Inventory	6	76,308	(78,437)
Prepaid expenses and deposits		20,284	23,662
Accounts payable and accrued liabilities		42,907	23,135
		(285,921)	(666,038)
INVESTING ACTIVITIES			
Proceed from sale of equipment		-	21,622
Purchase of equipment	7	(16,537)	-
Due to related parties		-	4,209
Loan payable		(4,553)	-
		(21,190)	25,831
FINANCING ACTIVITIES			
Proceeds from issuance of common shares (net)	9	-	393,359
Proceeds from warrant exercises		-	1,020,184
Principal payments on finance lease		-	(100,396)
		-	1,313,147
Change in cash and cash equivalents		(307,111)	672,940
Effect of exchange rate changes on cash		(3,455)	(22,365)
Cash and cash equivalents, beginning		426,878	39,424
Cash and cash equivalents, ending		116,312	689,999

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

GRAPHENE 3D LAB INC.CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Unaudited - Expressed in US Dollars)

	Notes	Common Shares		Warrants		Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
		#	\$	#	\$	\$	\$	\$	\$
Balance, May 31, 2017		56,970,804	5,799,624	11,538,413	33,946	2,595,424	(75,329)	(7,678,591)	675,074
Exercised of warrants		10,581,010	1,020,184	(11,081,010)	-	-	-	-	1,020,184
Share issued for private placement		5,400,000	348,667	-	-	-	-	-	348,667
Share issuance cost		-	(2,429)	-	-	-	-	-	(2,429)
Performance bonus shares		500,000	47,121	-	-	-	-	-	47,121
Share-based compensation		-	-	-	-	226,514	-	-	226,514
Foreign currency translation loss		-	-	-	-	-	(22,365)	-	(22,365)
Net loss for the period		-	-	-	-	-	-	(952,258)	(952,258)
Balance, February 28, 2018		73,451,814	7,213,167	457,403	33,946	2,821,938	(97,694)	(8,630,849)	1,340,508
Balance, May 31, 2018		73,451,814	7,205,717	457,403	33,946	2,821,938	(92,883)	(8,742,666)	1,226,052
Foreign currency translation loss		-	-	-	-	-	(3,489)	-	(3,489)
Warrant expired- unexercised		-	-	(457,403)	-	-	-	-	-
Net loss for the period		-	-	-	-	-	-	(525,864)	(525,864)
Balance, February 28, 2019		73,451,814	7,205,717	-	33,946	2,821,938	(96,372)	(9,268,530)	696,699

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

GRAPHENE 3D LAB INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018
(Unaudited - Expressed in US Dollars)

1. NATURE OF OPERATIONS

Graphene 3D Lab Inc. (the “Company”), formerly MatNic Resources Inc. (“MatNic”), was incorporated pursuant to the British Columbia Business Corporations Act on January 17, 2011. On August 8, 2014, through a reverse acquisition transaction, the Company acquired Graphene 3D Lab (U.S.) Inc. which was deemed to be the continuing entity for financial reporting purposes. Graphene 3D Lab (U.S.) Inc. was incorporated on September 3, 2013 in the State of Delaware, U.S.A. Concurrent with the closing of the reverse acquisition transaction, MatNic changed its name to Graphene 3D Lab Inc. and effected a change in directors, management and business. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “GGG.”

On December 8, 2015, the Company closed a non-arm’s length share exchange agreement to acquire all of the issued and outstanding shares of Graphene Laboratories Inc. which was incorporated under the laws of the Commonwealth of Massachusetts, U.S.A.

The Company’s principal business is the development, manufacturing and marketing of proprietary composites and coatings based on graphene and other advanced materials. The Company’s wholly owned subsidiary Graphene Laboratories Inc. currently offers over 100 graphene and related products. The Company’s 3D printing division offers a portfolio of specialty fused filament fabrication filaments. The Company also holds new proprietary technology encompassing the preparation and separation of atomic layers of graphene.

The address of the Company’s head office and principal place of business is at 760 Koehler Avenue, Ronkonkoma, New York.

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS**a) Basis of Presentation and Consolidation**

The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended May 31, 2018. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended May 31, 2018. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ended May 31, 2019.

b) Basis of Consolidation

These condensed interim consolidated financial statements incorporate the accounts of the Company and its wholly-owned subsidiaries Graphene 3D Lab (U.S.) Inc. and Graphene Laboratories Inc. All significant intercompany transactions and balances have been eliminated on consolidation.

These condensed interim consolidated financial statements were approved and authorized for issuance in accordance with resolution from the Board of Directors on April 29, 2019.

GRAPHENE 3D LAB INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018**

(Unaudited - Expressed in US Dollars)

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS (continued)

c) Going Concern

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at February 28, 2019, the Company has an accumulated deficit of \$9,268,530 and has generated negative cash flows from operations. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. There is no guarantee that the Company will be able to raise this additional financing. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

d) Significant Accounting Policies

These condensed interim consolidated financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year ended May 31, 2018. Refer to note 3, *Summary of Significant Accounting Policies*, of the Company's annual consolidated financial statements for the year ended May 31, 2018 for information on the accounting policies as well as new accounting standards not yet effective.

e) New and Revised Accounting Standards and Interpretations

Standards effective for annual periods beginning on or after June 1, 2018:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 which replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. Early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard.

IFRS 9 Financial Instruments - This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

GRAPHENE 3D LAB INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - Expressed in US Dollars)

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS (continued)

- e) New and Revised Accounting Standards and Interpretations (continued)

Standards effective for annual periods beginning on or after June 1, 2018: (continued)

- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

- f) New Accounting Standards and Interpretations not yet adopted

Standards effective for annual periods beginning on or after June 1, 2019:

IFRS 16 Leases – The new 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. IFRS 16 will replace IAS 17 Leases and this standard substantially carries forward the lessor accounting requirement 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.

IFRIC 23 Uncertainty over Income Tax Treatments- The new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on June 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its condensed interim consolidated statements.

The Company has not yet completed the process of assessing any impact that the new and amended standards may have on its consolidated financial statements and has not early adopted any of these future requirements.

3. ACQUISITION OF GRAPHENE LABORATORIES INC.

On December 8, 2015, (the “Closing Date”) the Company closed a non-arm’s length share exchange agreement (the “SEA”) to acquire all of the issued and outstanding shares of Graphene Laboratories Inc. (“GLI”). GLI is incorporated under the laws of the Commonwealth of Massachusetts, U.S.A, and is controlled and managed by Co-Chief Executive Officers of the Company.

GLI, is active in the business of the manufacture and worldwide distribution of nanocarbon and graphene products. GLI also holds a provisional patent relating to the manufacture and processing of graphene and offers analytical services, prototype development and consulting. The purpose of acquiring GLI was to complement and expand the Company’s existing business of research, development and production of polymer nanocomposite graphene-based filaments for fused filament fabrication in 3D printers through the addition of GLI’s business and graphene product lines.

GRAPHENE 3D LAB INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Unaudited - Expressed in US Dollars)

3. ACQUISITION OF GRAPHENE LABORATORIES INC. (continued)

The terms of the SEA were subject to confirmation of a fairness opinion prepared by an independent business valuator, an audit of GLI's financial statements, the approval of the independent directors of the Company and the acceptance of the TSX Venture Exchange. Pursuant to the SEA, the Company has acquired all of the issued and outstanding common shares of GLI by the issuance of up to 3,800,000 common shares (the "Exchanged Shares") of the Company to the shareholders of GLI. A total of 345,500 Exchanged Shares were issued at the Closing Date, to arms-length parties, with a four month plus a day hold restriction from the Closing Date, a further 600,000 Exchanged Shares were issued to the non-arm's length parties at the Closing Date and made subject to automatic releases every 6 months over the next 36 months from the Closing Date. The balance of the 2,854,500 Exchanged Shares will be issued to non-arm's length parties on the basis of one common share for every C\$0.60 in cumulative cash flow generated from the operations of GLI over the next five years from June 30, 2015.

Determination of the fair value of the common shares issued is based on the closing market price of the shares on the closing date of the acquisition. The fair value of the contingent consideration has been determined using an estimation of the future cashflows of GLI's operations, including its development of its intellectual property, over the next five years. The net present value of these cashflows has been discounted using a discount rate of 20%, resulting in a fair value of \$321,000 being recorded in contributed surplus for the contingent consideration to be based on cumulative GLI cash flow over the next five years.

The purchase of GLI has been accounted for as a business combination in accordance with IFRS 3 "Business Combinations". The purchase price paid is comprised of the following:

	\$
Fixed consideration - 945,500 common shares	233,000
Contingent consideration – up to 2,854,000 shares	321,000
	<hr/>
	554,000

Fair values of assets acquired and liabilities assumed were as follow:

Assets acquired:	\$
Cash	50,938
Amounts receivable	44,918
Inventory	120,929
Prepaid and deposits	7,226
Capital assets	50,194
Intangible assets	436,382
	<hr/>
	710,587
Less liabilities assumed:	
Accounts payable and accrued liabilities	37,587
Deferred income tax	119,000
	<hr/>
Net assets acquired	554,000

As part of the GLI acquisition, the Company acquired intangible assets comprised of certain intellectual property, including a provisional patent relating to technology enabling cost efficient industrial scale manufacture and processing of graphene. The Company intends to further develop this technology over the next few years.

GRAPHENE 3D LAB INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(Unaudited - Expressed in US Dollars)

4. INTANGIBLE ASSETS

As part of the GLI acquisition (Note 3), the Company acquired intangible assets comprised of certain intellectual property, including a provisional patent relating to technology enabling cost efficient industrial scale manufacture and processing of graphene. The Company intends to further develop this technology over the next few years. As at February 28, 2019, the Company's intangible assets are as follows:

	\$
Cost:	
Balance, May 31 and February 28, 2019	436,382
Accumulated Amortization:	
Balance, May 31, 2017	43,640
Amortization	43,640
Balance, May 31, 2018	87,280
Amortization	32,730
Balance, February 28, 2019	120,010
Net Book Value:	
May 31, 2018	349,102
February 28, 2019	316,372

5. AMOUNTS RECEIVABLE

	February 28, 2019	May 31, 2018
	\$	\$
Trade accounts receivable	22,241	22,003
GST receivable	1,934	1,628
Total	24,175	23,631

6. INVENTORY

	February 28, 2019	May 31, 2018
	\$	\$
Raw materials	-	167,847
Finished goods	318,303	226,764
Total	318,303	394,611

GRAPHENE 3D LAB INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018
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7. EQUIPMENT

	Equipment Under Finance Lease	Laboratory Equipment	Total
Cost:	\$	\$	\$
Balance, May 31, 2017	183,181	318,316	501,497
Additions	-	71,118	71,118
Transfer	(183,181)	183,181	-
Disposals	-	(34,391)	(34,391)
Balance, May 31, 2018	-	538,224	538,224
Additions	-	16,637	16,637
Balance, February 28, 2019	-	554,861	554,861
Accumulated Depreciation:			
Balance, May 31, 2017	54,956	182,983	237,939
Transfer accumulated depreciation	(54,956)	54,956	-
Disposals	-	(9,245)	(9,245)
Depreciation expense	-	87,998	87,998
Balance, May 31, 2018	-	316,692	316,692
Depreciation expense	-	68,292	68,292
Balance, February 28, 2019	-	384,984	384,984
Net Book Value:			
May 31, 2018	-	221,532	221,532
February 28, 2019	-	169,877	169,877

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Key management includes directors and officers of the Company. The Company entered into the following transactions with related parties:

- During the nine months ended February 28, 2019, the Company incurred directors' and officers' salaries expense in the amount of \$138,173 (2018 - \$164,423).
- During the nine months ended February 28, 2019, the Company did not issue stock options (2018 – 1,500,000 stock options were issued with a fair value of \$122,790 to directors and officers of the Company which had been included in share-based compensation). For the nine months ended February 28, 2019, there was no share-based compensation incurred.
- During the nine months ended February 28, 2019, the Company did not issue any bonus shares (2018 – 500,000 bonus shares were issued with a fair value of \$47,121 to an officer of the Company which had been included in professional fees).

GRAPHENE 3D LAB INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018
(Unaudited - Expressed in US Dollars)

8. RELATED PARTY TRANSACTIONS (continued)

The following amounts were due to related parties:

	February 28, 2019	May 31, 2018
	\$	\$
Salary to officers	70,632	30,005
Expense reimbursements to related parties	-	10,579
	70,632	40,584

The amounts due to related parties are included in accounts payable and are unsecured, have no fixed repayments and are non-interest bearing.

9. SHARE CAPITAL**Authorized:**

Unlimited number of common shares without par value.

Issued and outstanding common stock:

- a) On September 12, 2017, the Company closed a non-brokered private placement financing issuing 5,400,000 common shares at a price of C\$0.08 per common share for gross proceeds of \$348,667 (C\$432,000). In connection with the private placement financing, the Company incurred share issuance costs of \$2,429.
- b) On November 13, 2017, the Company issued 500,000 bonus shares with a fair value \$47,121 (C\$60,000) to an officer of the Company.
- c) During the year ended May 31, 2018, the Company issued 10,581,010 common shares for the exercise of warrants for proceeds of \$1,012,734 (C\$1,269,721).

Escrow shares:

As at February 28, 2019, there are nil common shares (May 31, 2018 – 330,000 common shares) subject to escrow agreements.

Stock options:

The Company has adopted a stock option plan (the “Plan”), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. SHARE CAPITAL (continued)

Continuity of stock options:

	Number of options	Exercise price
Options outstanding – May 31, 2017	2,465,000	C\$0.24
Granted July 28, 2017 for a five year term	300,000	C\$0.12
Granted November 13, 2017 for a five year term	2,450,000	C\$0.12
Options outstanding – May 31, 2018	5,215,000	C\$0.18
Expired during the period	(1,575,000)	C\$0.25
Forfeited during the period	(45,000)	C\$0.21
Options outstanding- February 28, 2019	3,595,000	C\$0.14
Vested options –February 28, 2019	3,595,000	C\$0.14

On July 28, 2017, the Company granted 300,000 stock options to a director of the Company with a fair value of \$0.08 at the date of grant. The options are exercisable at C\$0.105 per share for a period of five years from the date of grant and all options vested immediately on the date of grant.

On November 14, 2017, the Company granted 2,450,000 stock options to directors, officers and consultants of the Company with a fair value of \$0.08 at the date of grant. The options are exercisable at C\$0.12 for a period of 5 years from the date of grant and all options vested immediately on the date of grant.

During the nine months ended February 28, 2019, one of the consultants from the Company resigned and subsequently 45,000 options were forfeited.

The fair value of the stock options granted is estimated using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The weighted average assumptions used in the Black-Scholes option pricing model are as follows:

	2019	2018
Share price	-	C\$0.11
Risk-free interest rate	-	0.75%
Expected volatility	-	156%
Expected dividend yield	-	\$nil
Expected forfeiture rate	-	0%
Expected life	-	5 years

Details of stock options outstanding:

Expiry date	Exercise price	Remaining life (years)	Number of stock options outstanding	Number of stock options vested and exercisable
August 4, 2021	C\$0.21	2.43	645,000	690,000
September 13, 2021	C\$0.21	2.54	200,000	200,000
July 28, 2022	C\$0.11	3.41	300,000	300,000
November 14, 2022	C\$0.12	3.71	2,450,000	2,450,000

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. SHARE CAPITAL (continued)**Share purchase warrants:**

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

Continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price
Warrants outstanding – May 31, 2017	11,538,413	C\$0.269
Warrants exercised during the year	(10,581,010)	C\$0.120
Warrants expired during the year	(500,000)	C\$0.300
Warrants outstanding – May 31, 2018	457,403	C\$0.250
Warrants expired during the period	(457,403)	C\$0.250
Warrants outstanding – February 28, 2019	-	C\$0.250

During the year ended May 31, 2018, the Company amended the terms of 11,081,010 warrants (the “Amended Warrants”) by amending the exercise price to \$0.12 and including an acceleration provision whereby the exercise period of the Amended Warrants will be reduced to 30 days if, for any ten consecutive trading days during the unexpired term of the Amended Warrants, the closing price of the Company’s shares exceeds the exercise price of the Amended Warrants by 25% or more. On December 20, 2017, the Company gave notice that market conditions triggered the accelerated expiry of the Amended Warrants and the expiry period was amended to January 18, 2018.

10. MANAGEMENT OF CAPITAL

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the the development and production of 3D graphene printing technology. The Company does not have any externally imposed capital requirements to which it is subject.

The Company defines its capital as share capital. As at February 28, 2019, the Company had capital resources consisting mainly of cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash.

GRAPHENE 3D LAB INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018
(Unaudited - Expressed in US Dollars)

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other receivable, and accounts payable.

The following table summarizes the carrying values of the Company's financial instruments:

	February 28, 2019	May 31, 2018
	\$	\$
FVTPL (i)	116,312	426,878
Loans and receivables (ii)	24,175	22,003
Other financial liabilities (iii)	237,009	198,655

(i) Cash and cash equivalents
(ii) Accounts receivable
(iii) Accounts payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data

The following table sets for the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and cash equivalents	116,312	-	-	116,312

i) Credit risk

Credit risk is the risk of financial loss to the Company if counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash and cash equivalents with large United States and Canadian chartered banks. The Company manages credit risk for trade and other receivables through established credit monitoring activities. As at February 28, 2019 and 2018, the Company's maximum exposure to credit risk is the carrying value of cash and cash equivalents and accounts receivable.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. As at February 28, 2019, the Company is not exposed to significant interest rate risk.

iii) Currency risk

The Company has transactions internationally and is exposed to foreign exchange risk from the Canadian Dollar. Foreign exchange risk arises from financing and purchase transactions that are denominated in currency other than the US Dollar, which is the functional currency of the Company. As at February 28, 2019, the Company held \$35,531 (May 31, 2018 - \$203,153) in Canadian dollar cash and cash equivalents. A 10% increase or decrease in the Canadian dollar would increase or decrease comprehensive income by \$3,553 (May 31, 2018 - \$20,000).

GRAPHENE 3D LAB INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019 AND 2018****(Unaudited - Expressed in US Dollars)**

11. FINANCIAL INSTRUMENTS (continued)

iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. As at February 28, 2019, the Company has cash and cash equivalents of \$116,312 (May 31, 2018 - \$426,878) and a working capital surplus of \$266,975 (May 31, 2018 - \$711,943). However, the Company has an accumulated deficit of \$9,268,530 (May 31, 2018 - \$8,742,666). The continuation of the Company depends upon the support of its lenders and equity investors, which cannot be assured.

12. COMMITMENTS

The Company entered into a three-year lease for the Company's facilities ending December 31, 2020. The lease requires monthly payments of \$8,000.

13. SEGMENT DISCLOSURES

The Company operates in one reportable segment – the development and manufacturing of graphene-enhanced materials for 3D printing. Substantially all of the Company's revenue was generated in the U.S. and all capital assets are located in the U.S.

14. SUBSEQUENT EVENT

On March 26, 2019, the Company closed a non-brokered private placement financing issuing 4,916,760 units at a price of C\$0.06 per unit for gross proceeds of \$220,384 (C\$295,006). Each unit consist of one common share and one common share purchase warrant. Each unit entitles the holder to purchase one additional common share at a price of C\$0.10 for a period of two years.