

PARCELPAL TECHNOLOGY INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited - expressed in Canadian Dollars)

For the Three and Nine Months ended September 30, 2018 and 2017

**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 the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

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

ParcelPal Technology Inc.Condensed Interim Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

		September 30, 2018	December 31, 2017
	Notes	\$	\$
ASSETS			
Current assets			
Cash		2,019,815	54,887
Accounts receivable	5	375,337	359,510
Prepaid expenses		26,589	62,704
Marketable securities	7	300,000	-
Loans receivable	6	71,036	-
		<u>2,792,777</u>	<u>477,101</u>
Intangible asset	9	28,100	55,200
Equipment	8	746,249	564,695
		<u>3,567,126</u>	<u>1,096,996</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	235,623	220,239
Sales tax payable		85,853	12,747
Lease obligations	13	207,153	123,599
		<u>528,629</u>	<u>356,585</u>
Lease obligations	13	569,526	338,520
		<u>1,098,155</u>	<u>695,105</u>
EQUITY			
Share capital	11	6,426,764	3,315,693
Subscriptions received in advance		-	37,688
Subscriptions receivable		(65,200)	-
Contributed surplus		1,945,404	830,239
Deficit		(5,837,997)	(3,781,729)
		<u>2,468,971</u>	<u>401,891</u>
		<u>3,567,126</u>	<u>1,096,996</u>

Organization and nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved by the Board of Directors

"Devon Brown" Director_____
"Peter Hinam" Director

ParcelPal Technology Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended September 30, 2018 and 2017

(Unaudited - expressed in Canadian Dollars)

		Three months ended September 30,		Nine Months ended September 30,	
	Notes	2018	2017	2018	2017
		\$	\$	\$	\$
SALES		822,456	3,930	2,205,119	14,888
COST OF SALES		(615,255)	(237)	(1,625,965)	(988)
GROSS PROFIT		207,201	3,693	579,154	13,900
EXPENSES					
Amortization	8	136,339	9,200	303,632	27,300
Consulting fees	12	115,850	27,080	463,269	153,151
Foreign exchange		76	(277)	550	35
Interest expense	13	53,380		106,751	
Investor relations		144,540	2,190	169,767	119,836
Management fees	12	30,000	19,000	84,000	69,000
Office and miscellaneous		155,184	33,577	338,006	97,303
Professional fees		27,473	9,129	76,344	43,378
Regulatory and filing fees		3,120	904	12,694	9,032
Share-based compensation	11	74,657	54,195	994,019	237,646
Travel and accommodation		18,050	1,599	65,076	2,154
		(758,669)	(156,597)	(2,614,108)	(758,835)
Loss for the period before other items		(551,468)	(152,904)	(2,034,954)	(744,935)
Other items:					
Loss (gain) on debt settlement	11	19,500	-	22,350	(972)
Interest income	6	(1,036)	-	(1,036)	-
		18,464	-	21,314	(972)
Loss and comprehensive loss for the period		(569,932)	(152,904)	(2,056,268)	(743,963)
Basic and diluted loss per share		(0.01)	(0.01)	(0.03)	(0.02)
Weighted average number of shares outstanding		67,555,122	630,551,780	64,064,490	30,042,655

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

ParcelPal Technology Inc.

Condensed Interim Statements of Changes in Shareholder's Equity

For the Nine Months Ended September 30, 2018 and 2017

(Unaudited - expressed in Canadian Dollars)

	Number of shares #	Amount \$	Contributed Surplus \$	Subscriptions receivable \$	Subscriptions received in advance \$	Deficit \$	Total \$
Balance, December 31, 2016	28,788,558	2,196,330	335,812	(5,000)	-	(2,341,254)	185,888
Shares issued pursuant to:							
Private placement	840,500	151,290	-	-	-	-	151,290
Debt settlement	97,222	16,528	-	-	-	-	16,528
Warrant exercise	225,500	45,100	-	5,000	-	-	50,100
Option exercise	600,000	52,271	(22,271)	-	-	-	30,000
Issue costs	-	(12,830)	4,190	-	-	-	(8,640)
Share-based compensation	-	-	237,646	-	-	-	237,646
Subscriptions received in advance	-	-	-	-	10,113	-	10,113
Net and comprehensive loss for the period	-	-	-	-	-	(743,963)	(743,963)
Balance, September 30, 2017	30,551,780	2,448,689	555,377	-	10,113	(3,085,217)	(71,038)
Balance, December 31, 2017	48,180,280	3,315,693	830,239	-	37,688	(3,781,729)	401,891
Shares issue pursuant to:							
Private placements	12,729,924	1,689,853	-	(10,200)	(28,688)	-	1,650,965
Warrant exercises	8,862,119	1,380,556	(40,029)	-	-	-	1,340,527
Option exercises	1,831,000	388,676	(168,111)	(55,000)	-	-	165,565
Debt settlement	435,000	106,350	-	-	(9,000)	-	97,350
Issue costs	-	(125,078)	-	-	-	-	(125,078)
Broker warrants	-	(329,286)	329,286	-	-	-	-
Share-based compensation	-	-	994,019	-	-	-	994,019
Net and comprehensive loss for the period	-	-	-	-	-	(2,056,268)	(2,056,268)
Balance, September 30, 2018	72,038,323	6,426,764	1,945,404	(65,200)	-	(5,837,997)	2,468,971

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

ParcelPal Technology Inc.
Condensed Interim Statements of Cash Flows
For the Nine Months Ended September 30, 2018 and 2017
(Unaudited - expressed in Canadian Dollars)

	2018	2017
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Loss for the period	(2,056,268)	(743,963)
Add non-cash items:		
Amortization	303,632	27,300
Share-based compensation	994,019	237,646
Accrued interest income	(1,036)	-
Loss (gain) on debt settlement	22,350	(972)
Changes in non-cash working capital items		
Sales tax	73,106	(2,828)
Prepaid expenses	49,812	1,406
Accounts receivable	(12,747)	-
Accounts payable and accrued liabilities	102,959	75,695
Net cash flows used in operating activities	(524,173)	(405,716)
Investing activities		
Deposit paid no leased equipment	(13,697)	-
Purchase of marketable securities	(245,000)	-
Net cash flows used in investing activities	(258,697)	-
Financing activities		
Proceeds from private placements	1,641,965	151,290
Share issuance costs	(125,078)	(8,640)
Exercise of options	165,565	30,000
Exercise of warrants	1,340,527	50,100
Lease payments	(205,181)	-
Subscriptions received in advance	-	10,113
Loan receivable	(70,000)	-
Loans from related parties	-	25,077
Net cash flows provided by financing activities	2,747,798	257,940
Change in cash during the period	1,964,928	(147,776)
Cash – beginning of the period	54,887	149,816
Cash – end of the period	2,019,815	2,040

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Unaudited - expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

ParcelPal Technology Inc. (“the Company”) is currently engaged in on-demand local delivery services and the continued development of its on-demand local delivery service application (“ParcelPal”). The Company was incorporated in Alberta on March 10, 1997. On June 22, 2006, the Company moved its incorporation jurisdiction to British Columbia. The Company’s shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “PKG” and on the Frankfurt Stock Exchange under the symbol “PTO”.

The Company has incurred losses and negative cash flows from operations since inception that has primarily been funded through financing activities. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and through the private placement of common shares and exercise of warrants.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by IASB.

The Company uses the same accounting policies and methods of computation as in financial statements for the year ended December 31, 2017. These condensed interim financial statements were approved by the board of directors for use on November 28, 2018.

3. ACCOUNTING STANDARDS

The Company uses the same accounting policies and methods of computation as in financial statements for the year ended December 31, 2017. The following new accounting standards were adopted during the period ended September 30, 2018

IFRS 9, Financial Instruments

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements
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(Unaudited - expressed in Canadian Dollars)

changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

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

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

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 if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Accounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments 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 income (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.

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Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2018

(Unaudited - expressed in Canadian Dollars)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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 consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual consolidated financial statements and notes for the year ended December 31, 2017.

5. ACCOUNTS RECEIVABLE

	September 30, 2018	December 31, 2017
	\$	\$
Sales receivable	375,337	359,510

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As at September 30, 2018 all of the Company's accounts receivable are current.

6. LOANS RECEIVABLE

During the period ended September 30, 2018 the Company advanced \$65,000 (December 31, 2017 - \$nil) to an arm's length vendor. The Company agreed to partially settle the loan of \$55,000 for 1,695,652 shares of 152 Tech Solutions Ltd (note 7). The advances are non-interest bearing and due on demand.

On July 29, 2018 the Company entered into a loan agreement with an arm's length vendor, whereby the Company advanced \$60,000 to the vendor. The loan bears interest at 10% annually and matures on October 29, 2018. During the period ended September 30, 2018 the Company accrued \$1,036 of interest.

7. MARKETABLE SECURITIES

During the period ended September 30, 2018 the Company acquired 1,695,652 shares of 152 Tech Solutions Ltd. for \$300,000 (December 31, 2017 - \$nil)

8. EQUIPMENT

Equipment consists of leased vehicles carried at cost less accumulated depreciation. The Company's equipment as at September 30, 2018 and December 31, 2017 is as follows:

	Vehicles
	\$
Cost	
Balance, December 31, 2016	-
Additions	583,881
Balance, December 31, 2017	583,881
Additions	458,086
Balance, September 30, 2018	1,041,967
Accumulated amortization	
Balance, December 31, 2016	-
Amortization	19,186
Balance, December 31, 2017	19,186
Amortization	276,532
Balance, September 30, 2018	295,718
Net Book Value	
Balance, December 31, 2017	564,695
Balance, September 30, 2018	746,249

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements
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 (Unaudited - expressed in Canadian Dollars)

9. INTANGIBLE ASSETS

	Vehicles
	\$
Cost	
Balance, September 30, 2018, December 31, 2017 and 2017	110,000
Accumulated amortization	
Balance, December 31, 2016	18,300
Amortization	36,500
Balance, December 31, 2017	54,800
Amortization	27,100
Balance, September 30, 2018	81,900
Net Book Value	
Balance, December 31, 2017	55,200
Balance, September 30, 2018	28,100

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
	\$	\$
Accounts payable	153,433	145,442
Accrued liabilities	82,190	74,797
	235,623	220,239

11. SHARE CAPITAL**Common Shares**

The authorized capital of the Company consists of an unlimited number of common shares without par value.

During the period ended September 30, 2018:

- a) On January 12, 2018, the Company closed a non-brokered private placement financing consisting of 425,000 units at a price of \$0.0675 per unit for gross proceeds of \$28,688, of which it was received during year ended December 31, 2017. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of \$0.075 per share for a period of 24 months from the date of issuance. During the year ended December 31, 2017, the Company received the subscription of \$28,688.
- b) On January 24, 2018, the Company closed a non-brokered private placement financing consisting of 12,304,924 units at a price of \$0.135 per unit for gross proceeds of \$1,661,165, of which \$10,200 was received subsequent to the period. Each unit consists of one common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of \$0.20 per share for a period of 24 months from the date of issuance.

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements

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(Unaudited - expressed in Canadian Dollars)

The Company paid finders' fees of \$125,078 and issued 760,642 finder's share purchase warrants valued at \$329,286, exercisable at a price of \$0.20 per share for a period of 24 months from the date of grant.

- c) On January 24, 2018, the Company closed a non-brokered private placement financing consisting of 200,000 units at a price of \$0.135 per unit for gross proceeds of \$27,000. Each unit consists of one common share and one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of \$0.20 per share for a period of 24 months from the date of issuance.
- d) The Company issued 1,831,000 common shares upon exercise of options for proceeds of \$220,565, of which \$55,000 was received subsequent to the period, and accordingly, the Company reallocated \$168,111 of contribution surplus to share capital.
- e) The Company issued 8,862,119 common shares upon exercise of warrants for proceeds of \$1,340,527, and accordingly, the Company reallocated \$40,029 of contribution surplus to share capital.
- f) On June 27, 2018, the Company issued 285,000 shares valued at \$59,850 to its officers, directors and a consultant to settle corporate indebtedness of \$57,000 resulting in a loss of \$2,850.
- g) On September 10, 2018 the Company issued 150,000 shares valued at \$46,500 to its officers, directors and a consultant to settle corporate indebtedness of \$27,500 resulting in a loss of \$19,500.

During the year ended December 31, 2017:

- a) On March 31, 2017, the Company issued 97,222 units with a fair value of \$16,528 pursuant to a debt settlement agreement entered into with their former CEO to settle debt of \$17,500 resulting in a gain of 972. Each unit consists of one common share and one-half warrant, which entitles the holder to purchase one additional common share of the Company at price of \$0.30 per share for a period of 18 months.
- b) On March 31, 2017, the Company closed a non-brokered private placement financing consisting of 840,500 units at a price of \$0.18 per unit for gross proceeds of \$151,290 of which 45,000 units with a fair value of \$8,100 was for settlement of various debt. Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 18 months. In connection with the private placement, the Company paid a finders' fees of \$8,640 and issued 60,000 finder's share purchase warrants (valued at \$4,190) exercisable at a price of \$0.30 per share for a period of 18 months.
- c) The Company issued 600,000 common shares upon exercise of options for proceeds of \$30,000.
- d) The Company issued 225,500 common shares upon exercise of warrants for proceeds of \$45,100.
- e) On October 11, 2017, the Company issued 4,100,000 shares valued at \$266,500 to its officer, directors and its consultants to settle corporate indebtedness of \$205,000 resulting in a loss of \$61,500.
- f) On October 26, 2017, the Company closed a non-brokered private placement financing consisting of 13,528,500 units at a price of \$0.05 per unit for gross proceeds of \$676,425. 2,000,000 of the shares with a fair value of \$100,000 were issued as payment for prepaid consulting fees. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company exercisable at a price of \$0.075 per share for a period of 24 months from the date of issuance. The Company paid finders' fees of \$35,709 cash and issued 820,480 finder's share purchase warrants valued at \$40,212 exercisable at a price of \$0.075 per share for a period of 24 months from the date of grant.

Stock Options

The Company has adopted an incentive stock option plan, which enables the Board of Directors of the Company from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements

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(Unaudited - expressed in Canadian Dollars)

shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Each stock option permits the holder to purchase one share at the stated exercise price. The options vest at the discretion of the Board of Directors.

The following is a summary of the Company's stock option activity:

	Number of Options #	Weighted Average Exercise Price \$
Balance, December 31, 2016	3,385,000	0.12
Granted	3,900,000	0.14
Exercised	(600,000)	0.05
Expired	(2,150,000)	0.12
Balance, December 31, 2017	4,535,000	0.12
Granted	4,275,000	0.26
Exercised	(1,831,000)	0.12
Expired	(500,000)	0.13
Balance, September 30, 2018	6,479,000	0.23

During the period ended September 30, 2018, the Company granted 4,275,000 options (December 31, 2017 – 3,900,000) to acquire common shares. Share-based payments relating to options vesting during the period using the Black-Scholes option pricing model was \$994,019 (December 31, 2017 - \$472,296).

Details of the fair value of options granted and the assumptions used in the Black-Scholes option pricing model are as follows:

	September 30, 2018	December 31, 2017
Weighted average fair value of options granted	\$ 0.05	\$ 0.12
Risk-free interest rate	1.95%	1.11%
Estimated life	5.00 years	3.78 years
Expected volatility	132.25%	155.46%
Expected dividend yield	0.00%	0.00%

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2018

(Unaudited - expressed in Canadian Dollars)

As at September 30, 2018 the following options were outstanding and exercisable:

Expiry Date	Exercise price \$	Remaining life (years)	Options outstanding
April 21, 2019	0.26	0.56	25,000
May 10, 2019	0.10	0.61	50,000
July 5, 2019	0.23	0.76	200,000
December 8, 2019	0.19	1.19	400,000
December 12, 2019	0.20	1.20	30,000
January 5, 2020	0.20	1.27	100,000
May 5, 2020	0.14	1.60	100,000
June 1, 2020	0.16	1.67	400,000
November 17, 2022	0.16	4.13	150,000
November 28, 2022	0.18	4.16	550,000
December 6, 2022	0.17	4.19	1,100,000
January 21, 2023	0.32	4.31	2,099,000
May 1, 2023	0.24	4.59	550,000
June 28, 2023	0.20	4.75	325,000
August 8, 2023	0.34	4.87	400,000
			6,479,000

Warrants

	Number of Options #	Weighted Average Exercise Price \$
Balance, December 31, 2016	2,450,184	0.23
Issued	8,113,591	0.09
Exercised	(225,500)	0.20
Expired	(1,590,161)	0.20
Balance, December 31, 2017	8,748,114	0.12
Issued	13,348,066	0.20
Exercised	(8,862,119)	0.15
Expired	(143,911)	0.17
Balance, September 30, 2018	13,090,150	0.23

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements

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(Unaudited - expressed in Canadian Dollars)

As of September 30, 2018, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number Outstanding	Exercise Price \$
October 10, 2019	1,176,480	0.075
October 24, 2019	2,314,000	0.075
January 12, 2020	9,599,670	0.200
	13,090,150	

The fair value of the warrants granted as a finders' fee was estimated on the date of the issue date using the Black-Scholes option pricing model with the following weighted average assumptions:

	Period ended September 30, 2018	Year ended December 31, 2017
Expected dividend yield	Nil	Nil
Stock price volatility	191.15%	165.55%
Risk-free interest rate	1.76%	1.43%
Expected life of options	1.76 years	1.97 years

12. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	Nine months ended September 30, 2018 \$	Nine months ended September 31, 2017 \$
Consulting fees	49,000	31,655
Director fees	84,000	-
Management fees	-	24,000
Share-based compensation	314,125	62,229

Included in accounts payable at September 30, 2018 is \$22,446 (December 31, 2017 - \$17,749) owing to directors and officers of the Company. These amounts are included in accounts payable are non-interest bearing, unsecured and due on demand.

Additionally, the CEO of the Company made advances to the Company of \$25,077 during the year ended December 31, 2017 and they were fully repaid during the period ended September 30, 2018.

Equity:

Period ended September 30, 2018:

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements
For the Three and Nine Months Ended September 30, 2018
(Unaudited - expressed in Canadian Dollars)

On January 31, 2018, the Company issued 75,555 units of the Company to the CEO for gross proceeds of \$10,200. Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 18 months (Note 9).

On January 31, 2018, the CEO of the Company received 400,000 shares upon exercise of options for proceeds of \$45,000, and accordingly, the Company reallocated \$34,126 of contribution surplus to share capital (Note 9).

On June 27, 2018, the Company issued 240,000 shares valued at \$50,400 to its officers and directors to settle corporate indebtedness of \$57,000 resulting in a loss of \$2,400.

On September 10, 2018 the Company issued 150,000 shares valued at \$46,500 to its officers, directors and a consultant to settle corporate indebtedness of \$27,500 resulting in a loss of \$19,500.

Year ended December 31, 2017:

On March 31, 2017, the Company has issued 97,222 units pursuant to debt settlement agreement entered into with their former CEO on March 30, 2017. Each unit consists of one common share and one-half of one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at price of \$0.30 per share for a period of 18 months from the date of issuance.

On March 31, 2017, the Company issued 55,500 units of the Company to their former CEO for gross proceeds of \$9,990. Each unit consists of one common share and one share purchase warrant, which entitles the holder to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 18 months.

On October 11, 2017, the Company has issued 4,100,000 shares valued at \$266,500 to settle corporate indebtedness of \$205,000, of which 2,600,000 shares valued at \$169,000 was related to an officer and a director of the Company to settle corporate indebtedness of \$130,000.

13. LEASE OBLIGATIONS

	September 30, 2018
	\$
Vehicle lease obligations – contractual undiscounted cash flows	
Less than one year	339,508
One to three years	267,778
Total undiscounted lease liabilities at September 30, 2018	607,286
Lease liabilities included in the statement of financial position at September 30, 2018	776,679
Current	207,153
Non-current	569,526

ParcelPal Technology Inc.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2018

(Unaudited - expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

Significant customer sales are as follows:

		Period		Year ended	
		September 30, 2018 \$	September 30, 2018 %	December 31, 2017 \$	December 31, 2017 %
Customers	Location				
Customer A	Canada	2,201,716	99	356,462	95
Customer B	Canada	3,403	1	17,193	5

15. SUBSEQUENT EVENTS

Subsequent to September 30, 2018 the Company:

- 1) The Company granted 150,000 stock options, vesting immediately, to consultants of the Company. The options have an exercise price of \$0.34 and expire on October 26, 2023.
- 2) 684,200 warrants were exercised for gross proceeds of \$63,815. The warrants had an average exercise price of \$0.09.
- 3) The Company issued 600,000 common shares in lieu of consulting fees.
- 4) The Company completed a non-brokered private placement issuing 2,847,727 units at \$0.35 for gross proceeds of \$996,704. Each unit consists of one common share and one-half share purchase warrant with each full warrant being exercisable by the holder at \$0.50 per warrant for common shares of the Company until October 17, 2020.