SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Triton Emission Solutions Inc.

Form: 10-Q

Date Filed: 2019-08-14

Corporate Issuer CIK: 1143238

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

COMMISSION FILE NUMBER 000-33309

TRITON EMISSION SOLUTIONS INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**33-0953557**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o 1130 West Pender Street, Unit 820 **Vancouver, BC**	**V6E 4A4**
(Address of principal executive offices)	(Zip Code)

(800) 648-4287
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] **No [X]**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes [X]** No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	**Smaller reporting company**	**[X]**
(Do not check if smaller reporting company)		Emerging growth company	[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] **No [X]**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **As of August 14, 2019, the Registrant had 88,195,005 shares of common stock outstanding**.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The accompanying unaudited interim consolidated financial statements have not been reviewed by the Company's independent auditor. They have been prepared by management in accordance with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and six months ended June 30, 2019, are not necessarily indicative of the results that can be expected for the year ending December 31, 2019.

Unless the context otherwise requires, all references in this report to "Triton," "the Company," "we," "us," or "our" are to Triton Emission Solutions Inc., collectively with its subsidiary Ecolutions, Inc.

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN US DOLLARS)
(Unaudited, Prepared by Management)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	$ 962	$ 968
Prepaids	7,648	13,897
Total assets	$ 8,610	$ 14,865
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 472,018	$ 465,948
Accrued liabilities	41,032	40,445
Wages payable	70,750	70,750
Unearned revenue	2,075,000	2,075,000
Notes and advances payable	1,670,588	1,591,658
Due to related parties	204,435	204,364
Derivative liabilities - warrants	58,773	128,077
Derivative liability - conversion feature	2,376,212	2,125,510
Loans payable	10,805,977	10,061,757
Total liabilities	17,774,785	16,763,509
Stockholders' deficit		
Common stock $0.001 par value, 200,000,000 common shares authorized, 88,195,005 issued and outstanding at June 30, 2019 and December 31, 2018	88,195	88,195
Obligation to issue shares	46,410	46,410
Additional paid-in capital	63,343,169	63,343,169
Accumulated deficit	(81,247,869)	(80,230,338)
Accumulated other comprehensive income	3,920	3,920
Total stockholders' deficit	(17,766,175)	(16,748,644)
Total liabilities and stockholders' deficit	$ 8,610	$ 14,865

The accompanying notes are an integral part of these unaudited consolidated financial statements.

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN US DOLLARS)
(Unaudited, Prepared by Management)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
General and administrative expenses	$ 8,972	$ 8,415	$ 30,841	$ 7,617
Loss before other items	(8,972)	(8,415)	(30,841)	(7,617)
Other items				
Change in fair value of derivative liabilities	255,860	(50,459)	(181,398)	(298,419)
Gain on divestiture of subsidiary	-	11,871	-	11,871
Interest	(412,184)	(358,279)	(805,292)	(696,501)
Stock-based compensation	-	(11,849)	-	(23,569)
Net loss	(165,296)	(417,131)	(1,017,531)	(1,014,235)
Foreign exchange translation	-	4,948	-	5,317
Comprehensive loss	$ (165,296)	$ (412,183)	$ (1,017,531)	$ (1,008,918)
Net loss per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding - basic and diluted	88,195,005	88,195,005	88,195,005	88,195,005

The accompanying notes are an integral part of these unaudited consolidated financial statements.

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
(EXPRESSED IN US DOLLARS)
(Unaudited, Prepared by Management)

	Common Shares Number of Shares	Common Shares Amount	Obligation to Issue Shares	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income / (Loss)	Total
Balance at December 31, 2017	88,195,005	$ 88,195	$ 46,410	$ 63,309,928	$ (78,596,334)	$ (1,397)	$ (15,153,198)
Stock-based compensation	-	-	-	23,569	-	-	23,569
Divestiture of subsidiary	-	-	-	557	-	-	557
Net loss for the period ended June 30, 2018	-	-	-	-	(1,014,235)	-	(1,014,235)
Translation to reporting currency	-	-	-	-	-	5,317	5,317
Balance at June 30, 2018	88,195,005	88,195	46,410	63,334,054	(79,610,569)	3,920	(16,137,990)
Stock-based compensation	-	-	-	9,115	-	-	9,115
Net loss for the period ended December 31, 2018	-	-	-	-	(619,769)	-	(619,769)
Balance at December 31, 2018	88,195,005	88,195	46,410	63,343,169	(80,230,338)	3,920	(16,748,644)
Net loss for the period ended June 30, 2019	-	-	-	-	(1,017,531)	-	(1,017,531)
Balance at June 30, 2019	88,195,005	$ 88,195	$ 46,410	$ 63,343,169	$ (81,247,869)	$ 3,920	$ (17,766,175)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

TRITON EMISSION SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN US DOLLARS)
(Unaudited, Prepared by Management)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows used in operating activities		
Net loss	$ (1,017,531)	$ (1,014,235)
Non-cash items		
Accrued interest	805,292	696,501
Foreign exchange loss (gain)	7,437	(8,678)
Change in fair value of derivative liabilities	181,398	298,419
Stock-based compensation	-	23,569
Changes in operating assets and liabilities		
Prepaids	6,249	455
Accounts payable	5,761	10,281
Accrued liabilities	587	(1,507)
Wages payable	-	(15,641)
Due to related parties	9	992
Net cash used in operating activities	(10,798)	(9,844)
Cash flows from financing activities		
Notes and advances payable	10,792	6,506
Net cash provided by financing activities	10,792	6,506
Cash flows from investing activities		
Divestiture of subsidiary	-	557
Net cash provided by investing activities	-	557
Effects of foreign currency exchange	-	(70)
Net decrease in cash	(6)	(2,851)
Cash, beginning	968	3,849
Cash, ending	$ 962	$ 998
Cash paid for:		
Income tax	$ -	$ -
Interest	$ -	$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Triton Emission Solutions Inc. (the "Company") was incorporated in the state of Delaware on March 2, 2000. On August 25, 2014, the Company changed its name from Poly Shield Technologies Inc. to Triton Emission Solutions Inc. The Company's shares are listed on the OTCPink under the symbol "DSOX"

The Company's main focus is the development and marketing of its proprietary DSOX Fuel Purification (the "DSOX") and Njord Exhaust Gas Scrubber (the "Njord") Systems, designed to remove sulfur from marine fuel and exhaust gases. The technology is currently aimed at the maritime industry which includes vessels for cruise-line, freight shipping and tanker companies.

Basis of presentation

The unaudited interim consolidated financial statements included herein have been prepared by, and are the responsibility of, the Company's management in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Due to a weak financial condition, the Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the unaudited consolidated financial statements included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2018. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2019, are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. For further information, these unaudited interim consolidated financial statements and the related notes should be read in conjunction with the Company's unaudited consolidated financial statements for the year ended December 31, 2018, included in the Company's report on Form 10-K.

Reclassifications

Certain prior period amounts in the accompanying unaudited consolidated interim financial statements have been reclassified to conform to the current period's presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any period presented.

Going concern

The accompanying unaudited, management prepared, consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. Continuation as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due and ultimately upon its ability to achieve profitable operations.

As of June 30, 2019, the Company had not achieved profitable operations and had a working capital deficit of $17,766,175 and accumulated a deficit of $81,247,869. In addition, as of June 30, 2019, the Company owed a total of $10,805,977 to KF Business Ventures, LP ("KFBV"), an entity controlled by the Company's Chairman, under the terms of three separate loan agreements with KFBV (Note 4). Should KFBV serve the Company with default notice and request a payment of the amounts owed, the Company may not be able to continue as a going concern and may be required to file for bankruptcy. The likelihood and outcome of these matters cannot be predicted with any certainty at this time and raises substantial doubt that the Company will be able to continue as a going concern.

These unaudited interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Management intends to obtain additional funding by borrowing funds from its directors and officers, issuing promissory notes and/or a private placement of common stock.

NOTE 2 - RELATED PARTY TRANSACTIONS

As at June 30, 2019, the Company owed $204,435 (2018 - $204,364) to an entity controlled by the Chief Financial Officer ("CFO") of the Company.

During the six-month period ended June 30, 2019, the Company did not have any transactions with its related parties other than the notes and advances payable (Notes 3 and 4). During the six-month period ended June 30, 2018, the Company recorded $23,569 in stock-based compensation associated with fair value of options issued to a Director and Chairman (Note 5).

NOTE 3 - NOTES AND ADVANCES PAYABLE

The tables below summarize the short-term loans outstanding as at June 30, 2019 and December 31, 2018:

As at June 30, 2019

Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total
$ 27,000	8%	$ 21,984	$ 48,984
49,500	7%	41,342	90,842
145,183*	6%	31,282	176,465
15,000	0%	--	15,000
600,000	6%	153,242	753,242
110,000	15%	44,067	154,067
352,185	10%	79,803	431,988
$ 1,298,868		$ 371,720	$ 1,670,588

*The carrying value of this loan is denoted in Canadian dollars and is translated into US dollars at the end of each reporting period.

As at December 31, 2018

Principal Outstanding	Interest Rate per Annum	Accrued Interest	Total
$ 27,000	8%	$ 20,085	$ 47,085
49,500	7%	38,252	87,752
139,276*	6%	25,059	164,335
15,000	0%	--	15,000
600,000	6%	131,214	731,214
110,000	15%	35,885	145,885
341,393	10%	58,994	400,387
$ 1,282,169		$ 309,489	$ 1,591,658

*The carrying value of this loan is denoted in Canadian dollars and is translated into US dollars at the end of each reporting period.

Quarry Bay Loans

In 2012 the Company entered into series of Loan Agreements with Quarry Bay Capital LLC ("Quarry Bay") for a total of CAD$190,000 (the "Quarry Bay Loan"). The Quarry Bay Loan accumulates interest at 6% per annum. As at June 30, 2019, the Company owed $176,465 (2018 - $164,335), including accrued interest of $31,282 (2018 - $25,059) under the Quarry Bay Loan.

Norling Bridge Loans

On July 28, 2015, and November 6, 2015, the Company entered into two separate bridge loan agreements (the "Norling Loans") with its former President and CTO, Rasmus Norling. Pursuant to the Norling Loans, Mr. Norling agreed to lend to the Company total of $400,000 in exchange for unsecured promissory notes.

The Norling Loans have an interest rate of 6% and were due December 31, 2016. During the six-month period ended June 30, 2019, the Company recorded $14,672 in interest expense associated with the Norling Loans (2018 - $13,819). As at June 30, 2019, the Company owed $501,714 (2018 - $487,042) under the Norling Loans.

As of June 30, 2019, the Norling Loans are in default, however, the Company has not been served with a default notice by Mr. Norling.

KF Business Ventures Bridge Loan and Note Payable

On August 31, 2015, the Company entered into a bridge loan agreement with KFBV, whereby KFBV agreed to lend to the Company $200,000 in exchange for an unsecured promissory note (the "KFBV Bridge Loan").

The KFBV Bridge Loan has an interest rate of 6%, and was due December 31, 2016. During the six months ended June 30, 2019, the Company recorded $7,356 in interest expense associated with the KFBV Bridge Loan (2018 - $6,928). As at June 30, 2019, the Company owed $251,528 (2018 - $244,172) under the KFBV Bridge Loan.

In September 2016, the Company issued an unsecured promissory note to KFBV for gross proceeds of $110,000 (the "KFBV Note"). As part of the terms of the KFBV Note the Company agreed to grant KFBV the right to offset the cash payable by KFBV to exercise the warrants to purchase shares of the Company's common stock against the corresponding amount the Company would have to pay for outstanding indebtedness under this KFBV Note.

The KFBV Note has an interest rate of 10% and was due January 15, 2017. Under the terms of the KFBV Note, in the event of default the interest rate increases to 15% per annum until such time that the default is cured. During the six months ended June 30, 2019, the Company recorded $8,182 in interest expense associated with the KFBV Note (2018 - $8,182). As at June 30, 2019, the Company owed $154,067 (2018 - $145,885) under the KFBV Note.

As of June 30, 2019, the KFBV Bridge Loan and KFBV Note are in default, however, the Company has not been served with a default notice by KFBV.

During the six months ended June 30, 2019, KFBV advanced the Company an additional $10,792 (2018 - $6,506) for working capital. The advances are unsecured, due on demand and accumulate interest at a rate of 10% per annum. During the six months ended June 30, 2019, the Company recorded $20,809 in interest expense associated with these advances (2018 - $16,806). As at June 30, 2019, the Company owed $431,988 (2018 - $400,387) on account of working capital advances it borrowed from KFBV.

Other Loans

In September and October of its Fiscal 2010, the Company entered into a number of loan agreements with a third party creditor, whereby the third party creditor agreed to lend to the Company a total of $34,500 in exchange for unsecured promissory notes. On November 9, 2010, the Company entered into a loan agreement with another third party creditor, whereby the third party creditor agreed to lend to the Company $15,000 in exchange for an unsecured promissory note.

The loans have an interest rate of 7%, and are due on demand. During the six months ended June 30, 2019, the Company recorded $3,090 in interest expense associated with the loans from third party creditors (2018 - $2,882). As at June 30, 2019, the Company owed $90,842 (2018 - $87,752) under these loans.

On December 12, 2011, the Company entered into a loan agreement with a third party creditor, whereby the third party creditor agreed to lend to the Company $15,000 in exchange for an unsecured promissory note. On February 13, 2012, the third party creditor entered into a second loan agreement with the Company, whereby the third party creditor agreed to lend to the Company an additional $12,000 in exchange for an unsecured promissory note.

The loans have an interest rate of 8%, and are due on demand. During the six months ended June 30, 2019, the Company recorded $1,899 in interest expense associated with these loans (2018 - $1,753). As at June 30 2019, the Company owed $48,984 (2018 - $47,085) under these loans.

On August 14, 2012, the Company entered into a loan agreement with a third party creditor, whereby the third party creditor agreed to lend to the Company $15,000 in exchange for an unsecured non-interest bearing promissory note payable on demand.

NOTE 4 - KFBV LOANS AND DERIVATIVE LIABILITY

On January 15, 2014, the Company entered into a binding letter agreement with KFBV which was superseded by the formal definitive loan agreement signed on February 11, 2014, and further amended on March 10, 2014, September 8, 2014, and on December 17, 2015 (the "First KF Loan Agreement"). Under the First KF Loan Agreement the Lender agreed to lend to the Company up to $2,000,000 in four equal installments of $500,000 each (the "First KF Loan"). Pursuant to the First KF Loan Agreement (as amended on March 10, 2014) the principal and interest were to become payable in 18 equal monthly installments commencing on January 1, 2015, with the Company having the right to prepay the First KF Loan at any time in increments of not less than $250,000. The First KF Loan is unsecured and has effective interest rate of 1,130%, which was due primarily to the recording of non-cash accretion interest.

In consideration for the First KF Loan Agreement, as amended on March 10, 2014 (the "March Amendment"), the Company issued to the Lender non-transferrable share purchase warrants to purchase a total of 6,904,546 shares exercisable at a price of $1.00 per share (the "First KF Warrants"). Warrants for 2,450,000 shares had an original expiry date of January 15, 2015, and warrants for 4,454,546 shares had an original expiry date of January 15, 2018. At the discretion of the Lender the First KF Warrants for up to 3,452,273 shares of common stock could have been acquired by way of a cashless exercise.

The First KF Warrants included a down-round provision whereby the exercise price of the First KF Warrants could have been adjusted to the lowest offering price of any options, warrants or shares issued subsequent to the issuance of the First KF Warrants (the "Down-Round Provision"). The First KF Warrants were determined to be a derivative under ASC 815; therefore, at initial measurement, the proceeds were allocated to the fair value of the warrants first and any residual proceeds to the principal of the First KF Loan.

At issuance date, the fair value of the First KF Warrants was $5,128,110 and a value of $Nil was allocated to the principal.

On September 8, 2014, the Company entered into a Second Amendment Agreement (the "September Amendment") to extend the maturity of the First KF Loan to January 15, 2016, and replace 18 equal monthly installments with a one-time payment of principal and accrued interest. Furthermore, the Company was given an option to further extend the repayment of the First KF Loan to January 15, 2017, by issuing additional share purchase warrants (the "First Extension Warrants") equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Extension Warrants were to have an initial exercise price of $0.50 per share expiring on September 1, 2021.

As consideration for the September Amendment, the Company issued to the Lender additional warrants for the purchase of up to 2,350,000 shares (the "September Warrants"), with an initial exercise price of $0.50 per share and expiring on January 15, 2019, with cashless exercise rights for up to 1,175,000 shares. In addition, the Company agreed to decrease the exercise price for the First KF Warrants (the "Amended Warrants") from $1.00 per share to $0.50 per share and extend the expiration date of warrants for up to 2,450,000 shares of the Company's common stock from January 15, 2015, to January 15, 2016. The September Warrants also included the Down-Round Provision.

On December 17, 2015 (the "December Amendment Date"), as part of the second definitive Letter Agreement with KFBV (the "Second KF Letter Agreement"), which was superseded by a formal Loan Agreement dated January 8, 2016, the Company agreed to decrease the exercise price for Amended Warrants and September Warrants from $0.50 per share to $0.10 per share and extend the expiration date of warrants to January 15, 2021. In addition, the Company exercised its option to extend the maturity of the First KF Loan to January 15, 2017, by issuing the Lender 1,194,332 First Extension Warrants, being an equivalent to one-half of the outstanding principal and unpaid interest on the First KF Loan as at January 15, 2016. First Extension Warrants have an initial exercise price of $0.10 per share expiring on September 1, 2021.

The Company did not repay the First KF Loan on January 15, 2017, when due, and as such the First KF Loan is in default. The Company recorded a penalty on unpaid balance of $131,978, representing 5% of the full balance due under the First KF Loan on January 15, 2017. The Company has not been served with a default notice by KFBV.

During the six months ended June 30, 2019, the Company recorded $271,212 (2018 - $233,651) in interest expense on the First KF Loan at 15% per annum, the default rate of interest.
At June 30, 2019, the fair value of the derivative liability associated with the warrants issued pursuant to the First KF Loan Agreement was $20,898 (December 31, 2018 - $42,990).

At June 30, 2019 and December 31, 2018, the fair values of Amended Warrants, September Warrants, and First Extension Warrants were revalued using the Binomial Lattice model using the following assumptions:

	At June 30, 2019	**At December 31, 2018**
Expected Warrant Life	1.55 - 2.18 years	2.04 - 2.67 years
Risk-Free Interest Rate	1.75%	2.48% - 2.46%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	32% - 60%	32% - 60%

Second KF Business Ventures Loan Agreement

On July 28, 2014, the Company entered into a second loan agreement with the Lender (the “Second KF Loan Agreement”). Under the Second KF Loan Agreement, the Lender agreed to lend to the Company $2,400,000 (the “Second KF Loan”), to be advanced in eight equal installments of $300,000 each, commencing on September 1, 2014, and on the first day of each consecutive calendar month thereafter until fully advanced.

The initial maturity date under the Second KF Loan Agreement was January 15, 2016, with an option to further extend the maturity date to January 15, 2017, by issuing additional share purchase warrants (the “Second Extension Warrants”) equal to one-half of the outstanding principal and unpaid interest as at January 15, 2016. The Second KF Loan is unsecured and has an effective interest rate of 1,729%, which was due primarily to the recording of non-cash accretion interest.

In consideration for the Second KF Loan Agreement, the Company issued to the Lender non-transferrable share purchase warrants for a total of 9,600,000 shares of the Company’s common stock, exercisable at a price of $0.50 per share for a period expiring September 1, 2019 (the “Second KF Warrants”). At the discretion of the Lender the Second KF Warrants for up to 4,800,000 shares of common stock can be acquired by way of a cashless exercise.

The Second KF Warrants were determined to be a derivative under ASC 815; therefore, at initial measurement, the proceeds were allocated to the fair value of the Second KF Warrants first and any residual proceeds to the loan principal.

At issuance date, the fair value of the Second KF Warrants was $5,388,652 and a value of $Nil was allocated to the principal.

On December 17, 2015, as part of the Second KF Letter Agreement, which was superseded by a formal Loan Agreement dated January 8, 2016, the Company agreed to decrease the exercise price for the Second KF Warrants from $0.50 per share to $0.10 per share and extend the expiration date of these warrants to January 15, 2021. The Second KF Warrants included a down-round provision whereby the exercise price of the Second KF Warrants could have been adjusted to the lowest offering price of any options, warrants or shares issued subsequent to the issuance of the Second KF Warrants. In addition, the Company exercised its option to extend the maturity of the Second KF Loan to January 15, 2017, by issuing the Lender 1,337,320 Second Extension Warrants, being an equivalent to one-half of the outstanding principal and unpaid interest as at January 15, 2016. Second Extension Warrants have an initial exercise price of $0.10 per share expiring on September 1, 2021.

The Company did not repay the Second KF Loan on January 15, 2017, when due, and as such the Second KF Loan is in default. The Company recorded a penalty on unpaid balance of $147,779, representing 5% of the full balance due under the Second KF Loan on January 15, 2017. The Company has not been served with a default notice by KFBV.

During the six months ended June 30, 2019, the Company recorded $303,681 (2018 - $261,624) in interest expense on the Second KF Loan at 15% per annum, the default rate of interest.

At June 30, 2019, the fair value of the derivative liabilities associated with the Second KF Warrants and the Second Extension Warrants was $21,875 (December 31, 2018 - $45,087).

At June 30, 2019 and December 31, 2018, the fair values of the Second KF Warrants and Second Extension Warrants were revalued using the Binomial Lattice model using the following assumptions:

	At June 30, 2019	**At December 31, 2018**
Expected Warrant Life	1.55 - 2.18 years	2.04 - 2.67 years
Risk-Free Interest Rate	1.75%	2.48% - 2.46%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	15% - 60%	15% - 60%

Third KF Business Ventures Loan Agreement

On December 17, 2015, the Company entered into a Second KF Letter Agreement with the Lender, which was ratified by the formal definitive loan agreement signed on January 8, 2016 (the "Third KF Loan Agreement"). Under the Third KF Loan Agreement, the Lender agreed to lend to the Company $1,500,000 (the "Third KF Loan"), to be advanced in five equal installments of $300,000 each, commencing on execution of the Second KF Letter Agreement, and on the first day of each consecutive calendar month thereafter until fully advanced.

The maturity date under the Third KF Loan Agreement was January 15, 2017. The Third KF Loan is unsecured and has an effective interest rate of 2,339%, which was due primarily to the recording of non-cash accretion interest. At the discretion of the Lender the principal and accrued but unpaid interest under the Third KF Loan may be converted into shares of the Company's common stock at a conversion price of $0.10 per share, in minimum increments of $250,000 (the "Third KF Loan Conversion Feature"). In case of default, the conversion price is calculated based on a 50% discount to the volume weighted average price of the Company's stock over the last five days of trading immediately preceding the date of exercise. The Down-Round Provision is included in the Third KF Loan Conversion Feature.

In consideration for the Third KF Loan Agreement, the Company issued to the Lender non-transferrable share purchase warrants for a total of 8,000,000 shares of the Company's common stock, exercisable at a price of $0.10 per share for a period expiring January 15, 2021 (the "Third KF Warrants"). At the discretion of the Lender the Third KF Warrants for up to 4,000,000 shares of common stock can be acquired by way of a cashless exercise. The Down-Round Provision is included in the Third KF Warrants.

The Third KF Warrants and the Third KF Loan Conversion Feature were determined to be derivatives under ASC 815; therefore, at initial measurement, the proceeds were allocated to the Third KF Warrants and the Third KF Loan Conversion Feature on pro-rata basis first and any residual proceeds to the principal.

At issuance date, the fair value of the Third KF Warrants and the Third KF Loan Conversion Feature was $509,760 and $990,239 respectively and a value of $1 was allocated to the principal.

The Company did not repay the Third KF Loan on January 15, 2017, when due, and as such the Third KF Loan is in default. The Company recorded a penalty on unpaid balance of $82,399, representing 5% of the full balance due under the Third KF Loan on January 15, 2017. The Company has not been served with a default notice by KFBV.

During the six months ended June 30, 2019, the Company recorded $169,327 (2018 - $145,877) in interest expense on the Third KF Loan at 15% per annum, the default rate of interest.

As a consequence of the Third KF Loan being in default, the conversion price decreased to 50% of the volume weighted average price of the Company's stock over the last five days of trading immediately preceding the date of exercise. The decrease in price may result in the Company having to issue up to 1,188,105,971 shares of its common stock should KFBV decide to exercise its conversion rights under the Third KF Loan Agreement.

At June 30, 2019, the fair value of the derivative liability associated with the Third KF Warrants and the Third KF Loan Conversion Feature were $16,000 (2018 - $40,000) and $2,376,212 (2018 - $2,125,510), respectively.

At June 30, 2019 and December 31, 2018, the fair value of the Third KF Warrants was revalued using the Binomial Lattice model using the following assumptions:

	At June 30, 2019	At December 31, 2018
Expected Warrant Life	1.55 years	2.04 years
Risk-Free Interest Rate	1.75%	2.48%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	60%	60%

At June 30, 2019 and December 31, 2018, the fair value of the Third KF Loan Conversion Feature was revalued using the Binomial Lattice model using the following assumptions:

	At June 30, 2019	At December 31, 2018
Amount Eligible for Conversion	$2,376,212	$2,125,510
Share Price	$0.004	$0.008
Expected Life	on demand	on demand
Risk-Free Interest Rate	2.18%	2.44%
Expected Dividend Yield	Nil	Nil
Expected Stock Price Volatility	57%	57%

Summary of KF Loans Payable

A summary of the discounted carrying value, deferred financing costs, accumulated accrued interest, penalty and principal of KF loans payable is as follows:

As at June 30, 2019	Principal Outstanding	Accumulated Accrued Interest	Penalty	Total
First KF Loan Payable	$ 2,000,000	$ 1,805,982	$ 131,978	$ 3,937,960
Second KF Loan Payable	2,400,000	1,861,628	147,779	4,409,407
Third KF Loan Payable	1,500,000	876,211	82,399	2,458,610
	$ 5,900,000	$ 4,543,821	$ 362,156	$ 10,805,977

As at December 31, 2018	Principal Outstanding	Accumulated Accrued Interest	Penalty	Total
First KF Loan Payable	$ 2,000,000	$ 1,534,770	$ 131,978	$ 3,666,748
Second KF Loan Payable	2,400,000	1,557,947	147,779	4,105,726
Third KF Loan Payable	1,500,000	706,884	82,399	2,289,283
	$ 5,900,000	$ 3,799,601	$ 362,156	$ 10,061,757

Summary of the Derivative Liability - Conversion Feature

A summary of the derivative liability associated with the Conversion Feature under the Third KF Loan Agreement is as follows:

As at June 30, 2019

	Fair Value at December 31, 2018	Change on Revaluation at June 30, 2019	Fair Value at June 30, 2019
Third KF Loan Conversion Feature	$ 2,125,510	$250,702	$ 2,376,212

As at December 31, 2018

	Fair Value at December 31, 2017	Change on Revaluation at December 31, 2018	Fair Value at December 31, 2018
Third KF Loan Conversion Feature	$ 1,968,174	$157,336	$ 2,125,510

Summary of the Derivative Liabilities - Warrants

A summary of the derivative liabilities associated with the warrants under the KF Loan Agreements and their amendments is as follows:

As at June 30, 2019

	Fair Value at December 31, 2018	Change on Revaluation at June 30, 2019	Fair Value at June 30, 2019
9,254,546 warrants (Amended Warrants and September Warrants)	$ 37,018	$ (18,509)	$ 18,509
1,194,332 warrants (First Extension Warrants)	5,972	(3,583)	2,389
9,600,000 warrants (Second KF Warrants)	38,400	(19,200)	19,200
1,337,320 warrants (Second Extension Warrants)	6,687	(4,012)	2,675
8,000,000 warrants (Third KF Warrants)	40,000	(24,000)	16,000
Total	$ 128,077	$ (69,304)	$ 58,773

As at December 31, 2018

	Fair Value at December 31, 2017	Change on Revaluation at December 31, 2018	Fair Value at December 31, 2018
9,254,546 warrants (Amended Warrants and September Warrants)	$ 46,273	$ (9,255)	$ 37,018
1,194,332 warrants (First Extension Warrants)	7,166	(1,194)	5,972
9,600,000 warrants (Second KF Warrants)	48,000	(9,600)	38,400
1,337,320 warrants (Second Extension Warrants)	8,024	(1,337)	6,687
8,000,000 warrants (Third KF Warrants)	48,000	(8,000)	40,000
Total	$ 157,463	$ (29,386)	$ 128,077

NOTE 5 - SHARE CAPITAL

During the six months ended June 30, 2019, the Company did not have any transactions that resulted in issuance of its common stock.

Warrants

A continuity schedule of warrants is as follows:

	June 30, 2019	December 31, 2018
Warrants, beginning	29,386,198	29,886,198
Warrants, expired	-	(500,000)
Warrants, outstanding	29,386,198	29,386,198

Details of warrants outstanding as at June 30, 2019 are as follows:

Exercise price	Expiry date	Number of warrants outstanding
$0.10	January 15, 2021	26,854,546
$0.10	September 1, 2021	2,531,652
		29,386,198

At June 30, 2019, the weighted-average exercise price and remaining contractual life of the outstanding share purchase warrants were $0.10 and 1.6 years, respectively.

Options

Effective September 8, 2014, the Company adopted the 2014 Stock Option Plan (the "2014 Plan"). The 2014 Plan allows the Company to grant awards to its officers, directors and employees. In addition, the Company may grant awards to individuals who act as consultants to the Company, so long as those consultants do not provide services connected to the offer or sale of the Company's securities in capital raising transactions and do not directly or indirectly promote or maintain a market for the Company's securities.

The Company reserved a total of 13,200,000 shares of its common stock for issuance under the 2014 Plan. However, under the terms of the 2014 Plan, at any time after January 1, 2015, the Company can increase the number of authorized shares available under the 2014 Plan up to 15% of the total number of shares of common stock then outstanding.

Details of options outstanding and exercisable as at June 30, 2019 and December 31, 2018 are as follows:

Exercise price	Grant date	Balance at June 30, 2019 and December 31, 2018
$0.10	September 8, 2014	2,500,000
		2,500,000

At June 30, 2019, the remaining contractual life of the outstanding options to purchase the shares of the Company's common stock was 2.19 years.

On September 8, 2014, the Company granted options to acquire up to 2,500,000 shares of the Company's common stock to a Director (the "Options"). These Options were issued under the 2014 Plan. The Options vested at a rate of 500,000 shares per year, beginning September 1, 2014, and had initial exercise price of $0.50 per share. The Options expire five years after the vesting date thereof. On December 17, 2015, the Options were repriced to $0.10 in accordance with the provisions under the Stock Option Agreement with the Director.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Cautionary Statement Regarding Forward-Looking Statements

The information in this Quarterly Report contains forward-looking statements. These forward-looking statements involve risks and uncertainties, including statements regarding Triton's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined from time to time, in other reports Triton files with the Securities and Exchange Commission.

The forward-looking statements in this Quarterly Report on Form 10-Q for the interim period ended June 30, 2019, are subject to risks and uncertainties that could cause actual results to differ materially from the results expressed in or implied by the statements contained in this report. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives requires the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate.

All forward-looking statements are made as of the date of the filing of this Quarterly Report on Form 10-Q and Triton disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Triton may, from time to time, make oral forward-looking statements. Triton strongly advises that the above paragraphs and the risk factors described in this Quarterly Report and in Triton's other documents filed with the United States Securities and Exchange Commission should be read for a description of certain factors that could cause the actual results of Triton to materially differ from those in the oral forward-looking statements. Triton disclaims any intention or obligation to update or revise any oral or written forward-looking statements whether as a result of new information, future events or otherwise.

Cautionary Statement of No Auditor Review

The unaudited interim consolidated financial statements included in this quarterly report on Form 10-Q have not been reviewed by the Company's independent auditor. They have been prepared by management of the Company in accordance with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

The discussion provided in this Quarterly Report should be read in conjunction with our Annual Report on Form 10-K along with unaudited, management prepared, consolidated financial statements for the year ended December 31, 2018, filed with the United States Securities and Exchange Commission (the "SEC") on April 1, 2019.

OVERVIEW

We were incorporated under the laws of the State of Delaware on March 2, 2000. We are in the business of developing and marketing emission abatement technologies for the marine industry worldwide.

Our main products are represented by the Njord Exhaust Gas Scrubber System (the "Njord System") and the DSOX Fuel Purification System (the "DSOX-20" or "DSOX System"). The main purpose of the Njord System is to clean the exhaust gases from excess sulfur following the internal combustion process within a ships' engine, whereas the DSOX-20 is a pre-combustion de-sulfurization technology designed to remove alkali metals, such as sulfur and sodium, from heavy marine fuel.

Both systems can work as stand-alone units or can be used in conjunction with one another to get the ultimate results. The fairly small size of Njord System and capability of it working in both open and closed loop modes makes the system versatile for installation on new builds as well as for retrofitting existing vessels. Its unique design does not require the addition of any chemicals and results in minimal back pressure, allowing for an extended longevity of a ships' engine.

On August 8, 2018, the Company entered into an executive recruitment search agreement (the "Executive Search Agreement") to identify, source, and vet companies who would be interested in partnering with the Company or entering into a joint venture arrangements to continue the development of the Company's Emission Technologies as well as to identify potential individual candidates for the currently vacant position of CEO of the Company. The Company agreed to a $50,000 minimum fee payable upon the successful completion of the Executive Search Agreement, of which $7,500 retainer has been paid on signing the Executive Search Agreement. As of the date of this Quarterly Report on Form 10-Q, the Company was not able to retain a new CEO or engage a potential company to continue its work on the development of the Company's Emission Technologies

RESULTS OF OPERATIONS

Three and Six Months Summary

	Three Months Ended			Six Months Ended		
	June 30, 2019	June 30, 2018	Percentage Increase / (Decrease)	June 30, 2019	June 30, 2018	Percentage Increase / (Decrease)
Operating expenses	$ (8,972)	$ (8,415)	6.6%	$ (30,841)	$ (7,617)	304.9%
Change in fair value of derivative liabilities	255,860	(50,459)	607.1%	(181,398)	(298,419)	(39.2)%
Gain on divestiture of subsidiary	-	11,871	(100.0)%	-	11,871	(100.0)%
Interest	(412,184)	(358,279)	15.0%	(805,292)	(696,501)	15.6%
Stock-based compensation	-	(11,849)	(100.0)%	-	(23,569)	(100.0)%
Net loss	$ (165,296)	$ (417,131)	(60.4)%	$ (1,017,531)	$ (1,014,235)	0.3%

Revenues

We did not generate any revenue during the three and six months ended June 30, 2019 and 2018. Due to significant shortage of financial resources, we do not expect to have significant operating revenue in the foreseeable future.

Operating Expenses

During the three-month period ended June 30, 2019, our operating expenses totaled $8,972 and were comparable to the operating expenses we incurred during the three-month period ended June 30, 2018, which totaled $8,415. The largest expense items during the current period included professional fees of $2,747 (2018 - $6,034), which were mainly associated with maintenance of our patents and patent applications, filing and regulatory fees of $1,095 (2018 - $3,544), and realized loss on foreign exchange, which amounted to $3,922 (2018 - gain of $3,799).

During the six-month period ended June 30, 2019, our operating expenses totaled $30,841, an increase of $23,224, or 305%, as compared to $7,617 we incurred during the six-month period ended June 30, 2018. The largest expense items during the current six-month period included professional fees of $17,061 (2018 - $7,534), which were mainly associated with maintenance of our patents and patent applications, filing and regulatory fees of $3,403 (2018 - $5,846), and realized loss on foreign exchange, which amounted to $7,691 (2018 - gain of $8,731).

Other Items

During the three months ended June 30, 2019, we recorded $255,860 gain (2018 - $50,459 loss) on cumulative change in the fair value of the derivative liabilities associated with the warrants we issued to KFBV pursuant to the KF Loans and the conversion feature available under the Third KF Loan Agreement. The cumulative change in fair value of the derivative liabilities consisted of $88,158 (2018 - $66,771) gain we recorded on the fair values of the derivative liabilities associated with the warrants and $167,702 gain (2018 - $117,230 loss) we recorded on fair values of the derivative liability associated with the conversion feature available under the Third KF Loan Agreement.

During the three months ended June 30, 2019, we recorded $381,030 in interest on KF Loans (2018 - $330,201). Further $31,154 in interest expense (2018 - $28,078) was associated with interest accrued on the notes payable we issued to Mr. Norling, KFBV, and other non-related lenders.

During the three months ended June 30, 2018, we recorded $11,849 in stock-based compensation in respect of options to acquire shares of our common stock granted to our chairman of the board of directors and recognized $11,871 on divestiture of our Swedish subsidiary. We did not have similar transactions during the three months ended June 30, 2019.

During the six months ended June 30, 2019, we recorded $181,398 (2018 - $298,419) loss on the cumulative change in the fair value of the derivative liabilities associated with the warrants we issued to KFBV pursuant to the KF Loans and the conversion feature available under the Third KF Loan Agreement. The cumulative change in fair value of the derivative liabilities consisted of $69,304 gain (2018 - $8,000) we recorded on the fair values of the derivative liabilities associated with the warrants, and $250,702 loss (2018 - $306,419) we recorded on fair value of the derivative liability associated with the conversion feature available under the Third KF Loan Agreement.

During the six months ended June 30, 2019, we recorded $744,220 (2018 - $641,152) in interest on KF Loans. Further $61,072 (2018 - $55,349) in interest expense was associated with interest accrued on the notes payable we issued to Mr. Norling, KFBV, and other non-related lenders.

During the six months ended June 30, 2018, we recorded $23,569 in stock-based compensation in respect of options to acquire shares of our common stock granted to our chairman of the board of directors, and recognized $11,871 on divestiture of our Swedish subsidiary. We did not have similar transactions during the six months ended June 30, 2019.

Liquidity and Capital Resources

Our financial position at June 30, 2019 and December 31, 2018 was as follows:

		June 30, 2019		December 31, 2018
Current assets	$	8,610	$	14,865
Current liabilities		17,774,785		16,763,509
Working capital deficit	$	(17,766,175)	$	(16,748,644)

As of June 30, 2019, we had a cash balance of $962, a working capital deficit of $17,766,175, and cash flows used in operations of $10,798 for the six months then ended. Of our working capital deficit at June 30, 2019, $58,773 was attributed to the fair value of the derivative liabilities associated with the warrants we issued to KFBV as partial consideration for the KF Loans, and $2,376,212 was attributed to the conversion feature included in the Third KF Loan Agreement. During the six-month period ended June 30, 2019, we funded our operations with $10,792 we received from KFBV; these advances accumulate interest at 10% per annum compounded monthly.

As of June 30, 2019, we owed a total of $10,805,977 (2018 - $10,061,757) to KFBV under the terms of the First KF Loan, the Second KF Loan and the Third KF Loan, consisting of (i) $5,900,000 (2018 - $5,900,000) in principal amount of all advances made to that date, (ii) $1,343,113 (2018 - $1,343,113) in accrued interest thereon calculated using the stated interest rate of 10% per annum compounded monthly until January 15, 2017, when all KF Loans became due and payable, (iii) $3,200,708 (2018 - $2,456,488) in accrued interest at a default rate of interest, which was calculated on $7,243,113 owed and payable on January 15, 2017, and (iv) $362,156 (2018 - $362,156) in financing costs associated with penalty we accrued on an unpaid balance.

During the six-month period ended June 30, 2019, we did not generate sufficient cash flows from our operating activities to satisfy our cash requirements. Our only significant source of financing during the six-month period ended June 30, 2019, came from KFBV advances. The amount of cash that we have generated from our operations to date is significantly less than our current debt obligations, including our debt obligations under the KF Loans, which became due and payable on January 15, 2017, and as of the date of the filing of this Form 10-Q are in default.

There is no assurance that we will be able to generate sufficient cash from our operations to repay the amounts owing under the KF Loans when due, or to service our other debt obligations. If we are unable to generate sufficient cash flow from our operations to repay the amounts owing when due, we may be required to raise additional financing, or re-negotiate the terms of our debt obligations. Our ability to raise financing from other sources is restricted under the terms of the KF Loan Agreements. Under the terms of those agreements, we may not incur additional debt financing (other than trade payables incurred in the ordinary course of business), sell any material assets, sell any of our equity securities as part of any transaction that would result in a change in control, or engage in any corporate reorganization while any amounts remain outstanding under those agreements without KFBV's prior written consent.

Although Robert C. Kopple, the Chairman of our Board of Directors, is the principal of KFBV, there is no assurance that we will be able to obtain additional financing from KFBV, re-negotiate the terms of the KF Loans, or obtain KFBV's consent to other financing alternatives, if needed.

Cash Flows

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows used in operating activities	$ (10,798)	$ (9,844)
Cash flows provided by financing activities	10,792	6,506
Cash flows provided by investing activities	-	557
Effects of foreign currency exchange	-	(70)
Net decrease in cash during the period	$ (6)	$ (2,851)

Net Cash Used in Operating Activities

Net cash used in operating activities during the six-month period ended June 30, 2019, was $10,798. This cash was primarily used to cover our cash operating expenses of $23,404 and was offset by a $6,249 decrease in our prepaid expenses, a $5,761 increase in our accounts payable, and $587 and $9 increases in accrued liabilities and amounts due to related parties, respectively.

Net cash used in operating activities during the six-month period ended June 30, 2018, was $9,844. This cash was primarily used to cover our cash operating expenses of $4,424, to decrease our wages payable by $15,641, and to reduce our accrued liabilities by $1,507. These uses of cash were offset by decrease in prepaid expenses of $455, increase in the accounts payable of $10,281, and increase in the amounts due to related parties of $992.

Non-cash Items

During the six months ended June 30, 2019 and 2018, our net loss was further increased by the following expenses that did not have any impact on cash used in operations:

- $805,292 (2018 - $696,501) in interest we accrued on our notes and advances payable, of which $744,220 (2018 - $641,152) were associated with interest we accrued on the balances payable on the KF Loans which became due and payable on January 15, 2017;

- $181,398 (2018 - $298,419) loss we recorded on revaluation of the derivative liabilities associated with the warrants we issued to KFBV as consideration for the KF Loans and conversion feature included in the Third KF Loan Agreement, as, pursuant to the guidance provided by ASC 815, we must revalue derivative liability at each reporting period based on the value of the underlying variable on the reporting date.

- $7,437 loss (2018 - $8,678 gain) we recorded on changes associated with foreign exchange fluctuations.

In addition to the expenses noted above, during our six-month period ended June 30, 2018, we recorded $23,569 in stock-based compensation associated with an option to acquire shares of our common stock which we granted to the chairman of our board of directors under the 2014 Plan. We did not have any expenses associated with stock-based compensation during the six-month period ended June 30, 2019.

Net Cash Provided by Financing Activities

During the six-month period ended June 30, 2019, KFBV advanced to us $10,792 (2018 - $6,506) for working capital. These advances accumulate interest at 10% per annum and are payable on demand.

As of June 30, 2019, we owed a total of $10,805,977 under KF Loans, consisting of (i) $5,900,000 in principal amount of all advances made to that date, (ii) $1,343,113 in accrued interest thereon calculated using the stated interest rate of 10% per annum, (iii) $3,200,708 in accrued interest at a default rate of interest, and (iv) $362,156 in financing costs associated with late payment fee we accrued on an unpaid balance. The KF Loans became due and payable on January 15, 2017, and at June 30, 2019 were in default; however, we have not been served with a default notice by KFBV.

Going Concern

The notes to our financial statements at June 30, 2019, disclose our uncertain ability to continue as a going concern. As of the date of this Quarterly report on Form 10-Q we have accumulated a deficit of $81,247,869 and additional financing will be required to fund and support our operations.

In February of 2017, majority of our top management resigned from their positions with the Company. Resignations of Mr. Aasen and Mr. Norling have left the Company without technical expertise required for the Company to continue development and marketing of our emission technologies, creating an uncertainty as to our ability to finalize our current projects to install a land-based DSOX Fuel Purification System for LMS, and to install a DSOX System on board of a vessel operated by DCL. These contracts were earlier placed on hold until such time that our technology can be proven through testing. In April 2017 we commissioned Norling Inc. to perform the required tests, which were completed in late June 2017, however, did not yield satisfactory results required to secure a potential contract on installation.

The results of the tests confirmed that more research and further improvements to our emission abatement systems will be required in order to achieve industry-specific requirements. Should we decide to continue our operations and further development of our DSOX and NJORD Systems, we will be required to retain several engineers with relevant experience in the emission abatement technologies to work on the above projects. In order to be able to retain new staff or consultants we will be required to raise additional debt or equity financing, which may become challenging based on the current debt covenants under our existing KFBV Loan Agreements, and our share structure.

The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Off-Balance Sheet Arrangements

None

CRITICAL ACCOUNTING POLICIES

An appreciation of our critical accounting policies is necessary to understand our financial results. These policies may require management to make difficult and subjective judgments regarding uncertainties, and as a result, such estimates may significantly impact our financial results. The precision of these estimates and the likelihood of future changes depend on a number of underlying variables and a range of possible outcomes. Our critical accounting policies do not involve the choice between alternative methods of accounting. We have applied our critical accounting policies and estimation methods consistently.

Principles of Consolidation

The unaudited interim consolidated financial statements include the accounts of Triton Emission Solutions Inc. and our wholly-owned subsidiary, Ecolutions, Inc. On consolidation, we eliminate all significant intercompany balances and transactions.

Revenue Recognition

Consulting Revenue

Revenue is realized when the service has been provided and the income is determinable and collectability is reasonably assured.

Revenue from the Installation and Servicing of the Fuel Purification Systems

We recognize the revenue using the completed contract method whereby revenue is only recognized when all the following conditions have been met: pervasive evidence of an agreement exists, when delivery of the product has occurred and title has transferred or services have been provided, and when collectability is reasonably assured.

Deposits received prior to the delivery of goods and services are recorded as unearned revenue.

Foreign Exchange Risk

We are subject to foreign exchange risk on some purchases which are denominated in Canadian dollars and/or Swedish kronor. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the U.S. dollar. Foreign exchange rate fluctuations may adversely impact our results of operations as exchange rate fluctuations on transactions denominated in currencies other than our functional currency result in gains and losses that are reflected in our Statement of Operations. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased net revenue. Conversely, our net revenue will decrease when the U.S. dollar strengthens against foreign currencies. We do not believe that we have any material risk due to foreign currency exchange.

Stock Options and other Stock-based Compensation

For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. We recognize the stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement.

Fair Value of Financial Instruments

Our financial instruments include cash, accounts receivable, loan receivable, accounts payable, notes and advances payable, amounts due to related parties, loans payable and derivative liabilities. The fair values of these financial instruments approximate their carrying values due to their short maturities.

Concentration of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash.

At June 30, 2019, we had $962 in cash on deposit with a large chartered Canadian bank. As part of our cash management process, we perform periodic evaluations of the relative credit standing of these financial institutions. We have not experienced any losses in cash balances and do not believe we are exposed to any significant credit risk on our cash.

Recent Accounting Standards and Pronouncements

Recent accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES.

In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by our management, with the participation of our Chief Financial Officer and Chairman of our board of directors, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”) as of June 30, 2019. Based on the evaluation, our management concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were not effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Securities and Exchange Commission’s rules and forms due to limited segregation of duties.

Due to financial constraints, the management decided not to engage services of an independent accountant to review its quarterly consolidated financial statements. To the management’s best knowledge the financial statements included in this Form 10-Q have been prepared in accordance with US GAAP and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X; they include all adjustments considered necessary for a fair presentation of the results of operations and financial position and all such adjustments are of a normal recurring nature.

During the quarter ended June 30, 2019, other than noted above, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS.

The following exhibits are either provided with this Quarterly Report or are incorporated herein by reference:

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation.(1)
3.2	Certificate of Amendment to Certificate of Incorporation - Name Change to Artescope Inc. (1)
3.3	Certificate of Amendment to Certificate of Incorporation - Name Change to GlobeTrac Inc. (2)
3.4	Certificate of Amendment to Certificate of Incorporation - Name Change to Poly Shield Technologies Inc.(3)
3.5	Certificate of Amendment to Certificate of Incorporation - Name Change to Triton Emission Solutions Inc.(4)
3.6	Bylaws.(1)
10.1	Termination and Transfer Agreement dated for reference November 1, 2004, among the Company, Global Axxess Corporation Limited, WebTech Wireless International and WebTech Wireless Inc.(5)
10.2	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN $40,000 between the Company and Quarry Bay Capital LLC.(3)
10.3	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN $100,000 between the Company and Quarry Bay Capital LLC.(3)
10.4	Loan Agreement dated June 29, 2012, in respect of the principal sum of CDN $50,000 between the Company and Quarry Bay Capital LLC.(3)
10.5	Employment Agreement between Rasmus Norling and Poly Shield Technologies Inc. dated December 1, 2012. (6)
10.6	U.S. Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(7)
10.7	European Patent Assignment Agreement dated January 12, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(7)
10.8	Share Purchase Agreement dated January 31, 2013, between Rasmus Norling and Poly Shield Technologies Inc.(8)

Exhibit Number	Description of Exhibit
10.9	Collaboration Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(8)
10.10	Master Distributor Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS.(8)
10.11	License Agreement dated November 15, 2012, between Ecolutions, Inc. and Green Tech Marine AS. (8)
10.12	Sales and Purchase Agreement dated July 18, 2013 between LMS Shipmanagement, Inc. and Poly Shield Technologies Inc.(9)
10.13	Term Sheet Agreement dated August 16, 2013 between Prestige Cruise Holdings, Inc., and Poly Shield Technologies Inc. (10)
10.14	Addendum to December 1, 2012 Employment Agreement, dated effective as of December 30, 2013. (11)
10.15	Letter Agreement dated January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (12)
10.16	Loan Agreement dated as of January 15, 2014 between Poly Shield Technologies Inc. and KF Business Ventures, LP. (13)
10.17	Addendum No. 2 to December 1, 2012 Employment Agreement, dated effective as of February 28, 2014. (14)
10.18	Technology Transfer Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (15)
10.19	Management Consulting Agreement between Paer Tomas Rasmus Norling and Poly Shield Technologies Inc. dated effective as of March 10, 2014. (15)
10.20	Amendment No. 1 to Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated effective as of March 10, 2014. (15)
10.21	Purchase and Services Agreement between Magical Cruise Company, Limited and Poly Shield Technologies Inc. dated effective as of April 15, 2014.(16)
10.22	Loan Agreement between Poly Shield Technologies Inc. and KF Business Ventures, LP dated July 28, 2014. (17)
10.25	2014 Stock Option Plan.(19)
10.26	Non-Qualified Stock Option Agreement for Robert C. Kopple dated September 8, 2014. (19)
10.27	Amendment No. 1 to Sales and Purchase Agreement dated as of January 12, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc.(20)
10.28	Employment Agreement dated March 6, 2015, and effective as of March 23, 2015, between Anders Aasen and Triton Emission Solutions Inc.(21)
10.29	Loan Agreement dated July 28, 2015, in respect of the principal sum of $200,000 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling.(22)
10.30	Loan Agreement dated August 31, 2015, in respect of the principal sum of $200,000 between Triton Emission Solutions Inc. and KF Business Ventures LP.(23)
10.31	Consulting Agreement between Robert Lipp and Triton Emission Solutions Inc. dated effective as of September 4, 2015.(24)
10.32	Amendment No. 2 to Sales and Purchase Agreement dated as of November 5, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc. (25)
10.33	Loan Agreement dated November 6, 2015, in respect of the principal sum of $200,000 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling.(26)
10.34	Amendment to Sales and Purchase Agreement dated as of December 1, 2015 between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc. (25)
10.35	Letter Agreement dated December 17, 2015 between Triton Emission Solutions Inc. and KF Business Ventures, LP.(27)
10.36	Loan Agreement dated January 8, 2016 between Triton Emission Solutions Inc. and KF Business Ventures, LP.(28)
10.37	Amendment Agreement to those loan agreements dated as of January 15, 2014, July 28, 2014, and August 31, 2015 between Triton Emission Solutions Inc. and KF Business Ventures, LP dated January 8, 2016.(28)

Exhibit Number	Description of Exhibit
10.38	Amendment Agreement to those loan agreements dated July 28, 2015 and November 6, 2015 between Triton Emission Solutions Inc. and Paer Tomas Rasmus Norling dated January 8, 2016.(28)
10.39	Promissory Note dated September 13, 2016, in respect of the principal sum of $110,000 between Triton Emission Solutions Inc. and KF Business Ventures, LP.(29)
10.40	Amendment No. 3 to Sales and Purchase Agreement dated as of December 22, 2016, between LMS Shipmanagement, Inc. and Triton Emission Solutions Inc. (30)
10.41	Executive Recruitment Retained Search Agreement dated as of August 8, 2018, between Flagship Management LLC. and Triton Emission Solutions Inc.(31)
31.1	Certification of Chairman of the board of directors of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chairman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

Notes:

(1) Filed as an exhibit to our Registration statement on Form SB-2 filed on August 2, 2001.
(2) Filed as an exhibit to our Quarterly Report on Form 10-QSB filed on April 15, 2003.
(3) Filed as an exhibit to our Current Report on Form 8-K filed on July 13, 2012.
(4) Filed as an exhibit to our Current Report on Form 8-K filed on August 27, 2014.
(5) Filed as an exhibit to our Current Report on Form 8-K filed on November 14, 2005.
(6) Filed as an exhibit to our Current Report on Form 8-K filed on December 11, 2012.
(7) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2013.
(8) Filed as an exhibit to our Current Report on Form 8-K filed on February 6, 2013.
(9) Filed as an exhibit to our Current Report on Form 8-K filed on July 24, 2013.
(10) Filed as an exhibit to our Current Report on Form 8-K filed on August 22, 2013.
(11) Filed as an exhibit to our Current Report on Form 8-K filed on January 3, 2014.
(12) Filed as an exhibit to our Current Report on Form 8-K filed on January 17, 2014.
(13) Filed as an exhibit to our Current Report on Form 8-K filed on February 18, 2014.
(14) Filed as an exhibit to our Current Report on Form 8-K filed on March 3, 2014.
(15) Filed as an exhibit to our Current Report on Form 8-K filed on March 11, 2014.
(16) Filed as an exhibit to our Current Report on Form 8-K filed on April 17, 2014.
(17) Filed as an exhibit to our Current Report on Form 8-K filed on August 1, 2014.
(18) Filed as an exhibit to our Current Report on Form 8-K filed on September 9, 2014.
(19) Filed as an exhibit to our Current Report on Form 8-K filed on September 12, 2014.
(20) Filed as an exhibit to our Current Report on Form 8-K filed on January 26, 2015.
(21) Filed as an exhibit to our Current Report on Form 8-K filed on March 12, 2015.
(22) Filed as an exhibit to our Current Report on Form 8-K filed on August 3, 2015.
(23) Filed as an exhibit to our Current Report on Form 8-K filed on September 4, 2015.
(24) Filed as an exhibit to our Current Report on Form 8-K filed on September 10, 2015.
(25) Filed as an exhibit to our Annual Report on Form 10-K filed on April 14, 2016
(26) Filed as an exhibit to our Current Report on Form 8-K filed on November 12, 2015.
(27) Filed as an exhibit to our Current Report on Form 8-K filed on December 23, 2015.
(28) Filed as an exhibit to our Current Report on Form 8-K filed on February 1, 2016.
(29) Filed as an exhibit to our Current Report on Form 10-Q filed on November 21, 2016.
(30) Filed as an exhibit to our Annual Report on Form 10-K filed on April 14, 2017.
(31) Filed as an exhibit to our Annual Report on Form 10-Q filed on November 14, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRITON EMISSION SOLUTIONS INC.

Date:	August 14, 2019	By:	*/s/ Robert Kopple*
			ROBERT KOPPLE
			Chairman

Date:	August 14, 2019	By:	*/s/ John da Costa*
			JOHN DA COSTA
			Chief Financial Officer
			(Principal Financial Officer and Principal Accounting Officer)

TRITON EMISSION SOLUTIONS INC.
CERTIFICATIONS PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Kopple, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2019, of Triton Emission Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2019

/s/ Robert Kopple
Robert Kopple
Chairman and Member of
the Board of Directors

TRITON EMISSION SOLUTIONS INC.
CERTIFICATIONS PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John da Costa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2019, of Triton Emission Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2019

/s/ John da Costa
John da Costa
Chief Financial Officer
(Principal Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triton Emission Solutions Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Kopple, Chairman and Member of the Board of Directors of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2019

/s/ Robert Kopple
Robert Kopple
Chairman and Member of
the Board of Directors

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triton Emission Solutions Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John da Costa, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2019

/s/ John da Costa
John da Costa
Chief Financial Officer
(Principal Accounting Officer)