



LTX on the TSX.V

(formerly Sterne Stackhouse Inc.)

**FIRST QUARTER
2005**

For the

FIRST QUARTER

ended January 31, 2005

Corporate Profile

Labrador Technologies Inc. (LTI), formerly known as Sterne Stackhouse Inc. (SSI), specializes in building connections between companies and the data they invest in. Since 1981, LTI has been developing Data-Flow Management™ (DFM) and data retrieval, reporting, and analysis software primarily for the Oil and Gas industry.

Focused on Data-Flow Management™, Labrador Technologies Inc., has the ability to retrieve and deliver data to the right place, at the right time. Whether delivering data to a Labrador® application, a third-party application, an enterprise service bus, or a portal, Labrador® gets the job done efficiently. LTI's DFM™ software and services help software vendors, data vendors, and company developers deliver data to their target audiences by 'plugging' users in, and eliminating the need for expensive and ongoing manual intervention.

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Information on Labrador Technologies Inc.
is available through our
Internet site at

www.labradortechnologies.com

LABRADOR TECHNOLOGIES INC.

CEO'S REPORT TO SHAREHOLDERS

As in past years, there is only a matter of days between our 2004 Annual Report and the reporting of 1st Quarter, 2005.

Shareholders are asked to reference the CEO's Report to Shareholders in the 2004 Annual Report, as a current representation of where the Company is today. The bulk of the business information from the 2004 CEO's Report is also represented in the accompanying MD&A.



Chief Executive Officer
Labrador Technologies Inc.

LABRADOR TECHNOLOGIES INC.

FIRST QUARTER FISCAL 2005 INTERIM REPORT
FOR THE THREE MONTHS ENDED JANUARY 31, 2005

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management Discussion and Analysis ("MD&A") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the interim financial statements of Labrador Technologies Inc. ("LTI") for the quarter ended January 31, 2005 and the audited financial statements of LTI for the year ended October 31, 2004. Additional information with respect to LTI can be found on the Company's website at www.labradortechnologies.com or on SEDAR at www.sedar.com. The reporting and measurement currency is the Canadian dollar.

Certain statements in the MD&A constitute forward-looking statements that involve various risks and uncertainties. These risks and uncertainties include, but are not restricted to, the Company's continuing ability to promote and license its products, the Company's ability to attract and retain key employees, and the Company's ability to raise capital on acceptable terms when needed. These uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These forward-looking statements are based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking statements should circumstances, management's estimates, or opinions change.

This MD&A is dated as of March 31, 2005.

Overall Performance

Overview

LTI specializes in developing 'stand-alone' software products and 'embeddable' software components for distribution by oil and gas software service and supply companies. LTI helps these distribution partners build connections between their clients and the data they invest in. Since 1981, LTI has been developing Data-Flow Management™ (DFM) software for the oil and gas industry.

Over the past six months, the Company has successfully demonstrated its Labrador® embeddable products to senior management of major international oil and gas software service and supply companies. The next step, currently in progress, is to engage in due diligence and/or pilot projects. These sales cycles, even though well under way, can take between 12 and 18 months to complete, as evidenced in the Company's staged sale of Canadian Petro-LAB™. The reason for this is that the very size, scope, and scalability of a distribution company capable of creating an economic win/win between LTI and itself necessitates the due diligence process of a large company. Clearly, small companies like LTI do not dictate this process. Nonetheless, as management is confident in its products' suitability for oil and gas markets, LTI is now ready to aggressively market its embeddable products to the oil and gas industry in Canada and the U.S.

Accordingly, LTI is actively pursuing, both in Canada and the United States, oil and gas distribution agreements for its embeddable products. To this end, the Board of Directors is currently exploring a private placement, or similar funding, sufficient to afford management the ability to aggressively pursue these agreements, without undue shareholder dilution.

Without a private placement or similar financing, the Company's ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its strategic business plan. To date, the Company has no ongoing source of revenue. At January 31, 2005 the Company had cash of \$382,626, no long-term debt and a working capital balance of \$393,056. Based on the Company's current level of expenditures, the Company has enough cash to continue operations through September 2005. As mentioned above, Management and the Board of Directors continue to review alternatives to maintain the current level of operations past the current fiscal year.

While management believes that the Company has sufficient cash to discharge its obligations in the normal course of operations through September 2005, future operations will regardless be dependent upon the successful ongoing development and marketing of the Company's DFM™ technology and the corresponding generation of future cash flows and/or a private placement or similar financing.

Results of Operations

Revenue

Revenue is classified into three categories: licensee fees earned from customers and distribution partners for the licensing of LTI's proprietary products; royalty income earned from royalty payments arising from the sale of Petro-LAB™ to Qbyte/IBM; and, consulting fees earned for custom software development. Interest income arises from the investment of excess cash not required for short-term operations.

Revenue from the sale of licenses as well as revenue attributable to undelivered elements, including maintenance and other post-customer support services, is recognized ratably over the contract period. Revenue from consulting services is recognized when the services are performed and/or when earned.

Having completed the December 18th, 2003 transaction with Qbyte/IBM, the Company has no current ongoing sources of revenue.

LTI's total revenue for the three months ended January 31, 2005 was \$30,987 compared to \$nil for the three months ended January 31, 2004, an increase of \$30,987. The revenue for the current period was comprised of \$28,840 from consulting services for custom software development for a single client, and \$2,147 from interest income.

FINANCIAL SUMMARY

	Three months ended	
	January 31 2005	January 31 2004
	(unaudited)	(restated)
Revenue	\$ 30,987	\$ —
License fees	—	—
Royalty income	—	—
Consulting fees	28,840	—
Interest income	2,147	—
Expenses	213,464	337,554
Loss from operations	(182,477)	(337,554)
Other income: Gain on sale of Petro-LAB	—	1,653,849
Net income (loss)	(182,477)	1,316,295
Net income (loss) per share	(0.02)	0.16
Outstanding shares	8,289,685	8,249,685

Expenses

General and administrative

This category of expenses is comprised primarily of office rent, office equipment rentals, administrative salaries, corporate expenses related to shareholder reporting, and professional fees. General and administrative expenses for the three months ended January 31, 2005 were \$110,662 compared to \$160,898 for the three months ended January 31, 2004, a decrease of \$50,236. The decrease is due to a reduction in administrative salaries of \$35,247, a reduction in legal expenses of \$17,049. The remaining difference is due to minor variations in various other accounts.

Computer and related costs

Computer and related costs include programmer's salaries, software costs, and telecommunication costs. This category of expenses totaled \$65,369 for the three months ended January 31, 2005 compared to \$107,984 for the three months ended January 31, 2004, a decrease of \$42,615. The decrease is due to a reduction of programmer's salaries of \$34,004, a decrease in telecommunications costs of \$7,174 and a decrease in miscellaneous computer supplies of \$1,437.

Sales and marketing

Sales and marketing expenses include expenses for sales and support salaries/consulting fees, and promotion/advertising. For the three months ended January 31, 2005, sales and marketing expenses were \$19,033 compared to \$53,872 for the three months ended January 31, 2004, a decrease of \$34,839. The decrease is due to a reduction in salaries/consulting fees of \$33,231, and a reduction in promotion and advertising expenses of \$1,608.

Stock-based compensation

During the three-month period ended January 31, 2005, LTI issued 285,000 share options to officers, directors and employees with an exercise price of \$0.12 (the market price of the shares at the time the options were issued), an exercise period of two (2) years and no vesting period. The compensation cost for the stock options issued during the period was \$12,400. The compensation expense for the options was calculated using the fair value method of

valuation using the Black-Scholes option pricing model and the following parameters: risk free rate of interest of 5%; exercise price of \$0.12; exercise period of two (2) years; expected volatility of 60%; and, no dividend payments.

During the prior three-month period ended January 31, 2004, LTI issued 60,000 share options to an employee with an exercise price of \$0.20 per share (the market price of the shares at the time the options were issued), an exercise period of five (5) years and no vesting period. In the prior period, LTI followed the settlement method of accounting for stock options whereby no compensation expense was recorded. For comparative purposes, a compensation expense of \$6,700 was recorded using the fair value method as a result of retroactively adopting the fair value method of accounting for all stock options granted on November 1, 2002 and subsequently and the Black-Scholes option pricing model and the following parameters: risk free rate of interest of 5%; exercise price of \$0.20; exercise period of five (5) years; expected volatility of 60%; and, no dividend payments.

Depreciation

Depreciation expense for the three months ended January 31, 2005 was \$6,000 compared to \$8,100 for the previous fiscal period. The reduction in the depreciation expense is due to the declining balance of the net asset value of the depreciable assets.

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis using income tax rates enacted at the balance sheet date. The effect of changes in rates on future income tax liabilities and assets is recognized in the period that the change occurs. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

For the current period, LTI's current and future tax liability is \$nil.

Working capital

At January 31, 2005, LTI had cash of \$382,626, no debt, and working capital of \$393,056. The Company has no current sources of ongoing revenue and is relying on future sales to generate additional revenue. As a result, the Company's ability to maintain its operations in the future is dependent on its ability to generate sufficient revenue in the future, and/or a private placement or similar financing, to continue to fund its strategic business plan. The Company's cost cutting program has reduced the monthly cash requirements to approximately \$45,000 per month. Based on the current level of expenditures, the Company has sufficient cash to fund its operations through September 2005.

Financing and Investing

During the three-month period ended January 31, 2005, the Company's cash position decreased by \$156,069. During the period, the Company did not undertake any financing activities.

SUMMARY OF QUARTERLY RESULTS

Fiscal 2004	1-QTR	2-QTR	3-QTR	4-QTR
Revenue	—	—	—	—
License fees	—	—	—	—
Royalty income	—	—	—	—
Consulting fees	—	—	—	—
Interest income	—	—	3,084	9,898
Expenses	337,554	343,462	284,413	256,140
Net income (loss) before the following	(337,554)	(343,462)	(281,329)	(246,242)
Other income: gain on sale of Petro-LAB	1,653,849	—	—	—
Net income (loss)	1,316,295	(343,462)	(281,329)	(246,242)
Net income (loss) per share	0.16	(0.04)	(0.03)	(0.03)
Outstanding shares	8,249,685	8,249,685	8,289,685	8,289,685

Fiscal 2003	1-QTR	2-QTR	3-QTR	4-QTR
Revenue	383,497	81,313	220,670	198,125
License fees	—	—	—	3,420
Royalty income	382,687	81,313	220,670	194,705
Consulting fees	810	—	—	—
Interest income	—	—	—	—
Expenses	484,108	446,871	417,450	519,558
Net income (loss)	(100,611)	(365,558)	(196,780)	(321,433)
Net income (loss) per share	(0.01)	(0.04)	(0.02)	(0.04)
Outstanding shares	8,549,685	8,549,685	8,549,685	8,249,685

*The quarterly results have been restated for stock-based compensation where applicable.

Liquidity

At January 31, 2005, LTI had cash of \$382,626, no debt, and working capital of \$393,056. The Company has no current sources of ongoing revenue and is relying on future sales to generate additional revenue. As a result, the Company's ability to maintain its operations in the future is dependent on its ability to generate sufficient cash in the future, and/or a private placement or similar financing, to continue to fund its strategic business plan. The Company's cost cutting program has reduced the monthly cash requirements to approximately \$45,000 per month. Based on the current level of expenditures, the Company has sufficient cash to fund its operations through September 2005.

LTI has two contractual obligations: an operating lease for a vehicle supplied to an officer of the Company; and, an operating lease for office space. The vehicle lease is for a two-year term ending July 2006 and has a monthly cost of \$1,043 (including GST). The office space lease is for a two-year term ending August 2005 and has a monthly cost of \$8,440 (including GST). LTI has prepaid \$7,352 of the August 2005 lease cost. Management hopes to negotiate a month-to-month lease for the office space starting in September 2005.

Financial Instruments

As of January 31, 2005, LTI has financial instruments as detailed on the balance sheet. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

From time to time, LTI may invest excess cash in short-term low-risk interest bearing instruments such as Guaranteed Investment Certificates ("GIC"). On February 14, 2005, LTI transferred \$250,000 into a 1 year prime-linked cashable GIC with the Royal Bank of Canada with an interest rate of 2.0% per annum. It is management's opinion that the Company is not exposed to any interest, currency or credit risk arising from this particular financial instrument and that the fair value is equal to the carrying value.

As mentioned previously, the Board of Directors is also currently exploring a private placement, or similar funding, sufficient to afford management the ability to aggressively pursue its strategic business plan, without undue shareholder dilution.

Capital Resources

As of the date of this MD&A, LTI has no debt.

Off-balance Sheet Arrangements

As of the date of this MD&A, LTI has no off-balance sheet arrangements.

Related Party Transactions

As of the date of this MD&A, LTI has no related party transactions.

Proposed Transaction

As of the date of this MD&A, LTI has no proposed transactions.

Changes in Accounting Policies

Effective November 1, 2002, the Company adopted the new Canadian accounting standard relating to stock-based compensation. Under this standard, the Company followed the settlement method of accounting for stock options granted to employees whereby the proceeds received on the exercise of options were included in capital stock and no compensation expense was recognized. For stock-based compensation to non-employees, the Company calculated a fair value using an option-pricing model, and recorded the expense to earnings over the term of the option.

In September 2003, the CICA issued an amendment to Section 3870 – Stock Based Compensation and Other Stock Based Payments. The amended section is effective for fiscal years beginning on or after January 1, 2004. The amendment requires that all companies measure any stock based payments using the fair value method of accounting and recognize the compensation expense in the financial statements. The Company has chosen to implement this amendment beginning with the current financial year beginning November 1, 2004. As a result, the Company is required to restate the financial results from the previous year to comply with the amended policy for comparison purposes. As a result of this requirement, the Company's Deficit at January 31, 2005 has increased by \$24,620.

Outstanding Share Data

On October 28, 2003, LTI cancelled 300,000 shares issued to a previous employee. The shares were pledged as collateral for an indebtedness and were repossessed and cancelled in settlement of the indebtedness. After the cancellation, LTI had 8,249,685 shares outstanding.

On March 26, 2004, LTI issued 40,000 shares upon the exercise of stock options for the amount of \$6,400. After the issue of shares, LTI had 8,289,685 shares outstanding.

As of March 26, 2005, LTI had 8,289,685 common shares and 710,000 options to acquire common shares outstanding.

Subsequent Events

Up to the date of the report, there have not been any significant subsequent events or transactions that would require disclosure in, or adjustment to, the interim financial statements for the first quarter ended January 31, 2005.

H. Ronald Sterne

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President & Chief Executive Officer
Labrador Technologies Inc.

Darryl K. Stackhouse

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Chief Financial Officer
Labrador Technologies Inc.

Financial Statements of

LABRADOR TECHNOLOGIES INC.

First Quarter ended January 31, 2005 and 2004

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors, KPMG LLP, have not reviewed the unaudited financial statements for the three month period ended January 31, 2005.

Notice to the Reader of the Interim Financial Statements

The interim financial statements of Labrador Technologies Inc., consisting of the interim balance sheet, the interim statement of operations and deficit, and the interim statement of cash flows for the three month period ended January 31, 2005 are the responsibility of the Company's management.

The interim financial statements have been prepared by management and include the appropriate accounting principles, judgments and estimates necessary to prepare these interim financial statements in accordance with Canadian generally accepted accounting principles. In addition, these interim financial statements have been reviewed and have been approved by the Company's Audit Committee and Board of Directors.



Ron Sterne
President & Chief Executive Officer
Labrador Technologies Inc.



Darryl Stackhouse
Chief Financial Officer
Labrador Technologies Inc.

March 28, 2005

LABRADOR TECHNOLOGIES INC.

Balance Sheets
(Unaudited)

	January 31 2005	October 31 2004
		(restated - note 2)
Assets		
Current assets:		
Cash and cash equivalents	\$ 382,626	\$ 538,695
Accounts receivable	8,778	7,000
Prepaid expenses	7,669	32,949
	<u>399,073</u>	<u>578,644</u>
Property, plant and equipment	47,612	53,612
	<u>\$ 446,685</u>	<u>\$ 632,256</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,017	\$ 21,511
Shareholders' equity:		
Share capital (note 4)	4,909,284	4,909,284
Contributed surplus	221,114	208,714
Deficit	<u>(4,689,730)</u>	<u>(4,507,253)</u>
	440,668	610,745
Future operations (note 1)		
	<u>\$ 446,685</u>	<u>\$ 632,256</u>



Jeff Howe



George Wilson

LABRADOR TECHNOLOGIES INC.

Statements of Operations and Deficit
(Unaudited)

	Three months ended	
	January 31 2005	January 31 2004 (restated- note 2)
Revenues:		
Consulting fees	\$ 28,840	\$ —
Interest income	2,147	—
	30,987	—
Expenses:		
General and administrative	110,662	160,898
Computer and related costs	65,369	107,984
Sales and marketing	19,033	53,872
Stock-based compensation (note 3)	12,400	6,700
Depreciation	6,000	8,100
	213,464	337,554
Loss before the following	(182,477)	(337,554)
Other income:		
Gain on the sale of Petro-LAB (note 5)	—	1,653,849
Net income (loss)	(182,477)	1,316,295
Deficit, beginning of period, restated (note 2)	(4,507,253)	(4,952,515)
Deficit, end of period	\$ (4,689,730)	\$ (3,636,220)
Net income (loss) per share:		
Basic and diluted	\$ (0.02)	\$ 0.16

See accompanying notes to financial statements.

LABRADOR TECHNOLOGIES INC.

Statements of Cash Flows
(Unaudited)

	Three months ended	
	January 31 2005	January 31 2004
(restated - note 2)		
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (182,477)	\$ 1,316,295
Items not involving cash:		
Gain on sale of Petro-LAB (note 5)	—	(1,653,849)
Depreciation	6,000	8,100
Stock-based compensation (note 3)	12,400	6,700
	(164,077)	(322,754)
Changes in non-cash working capital	8,008	120,207
	(156,069)	(202,547)
Investing activities:		
Proceeds on the sale of Petro-LAB	—	1,591,038
Property, plant and equipment additions	—	(3,839)
	—	1,587,199
Net increase (decrease) in cash and cash equivalents	(156,069)	1,384,652
Cash and cash equivalents, beginning of period	538,695	89,425
Cash and cash equivalents, end of period	\$ 382,626	\$ 1,474,077

See accompanying notes to financial statements.

LABRADOR TECHNOLOGIES INC.

Notes to Financial Statements

Three months ended January 31, 2005

Labrador Technologies Inc. (the "Corporation") is engaged in the research and development and marketing of data retrieval technology for customers.

1. Future operations:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Corporation's ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its strategic business plan. To date, the Corporation has no ongoing source of revenue. At January 31, 2005 the Corporation had cash of \$382,626, no long-term debt and a working capital balance of \$393,056. Based on the Corporation's current level of expenditures, the Corporation estimates that it has enough cash to continue operations through September 2005. Management and the Board of Directors continue to review alternatives to maintain the current level of operations past the current fiscal year.

While management believe that the Corporation has sufficient cash to discharge its obligations in the normal course of operations through September 2005, future operations will regardless be dependent upon the successful ongoing development and marketing of the Corporation's data retrieval technology and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the balance sheet classifications used.

2. Significant accounting policies:

These unaudited interim financial statements have been prepared using accounting policies that, except with respect to the adoption of the amended accounting standard relating to stock-based compensation as described below, are consistent with the policies used in preparing the Corporation's annual report for the year ended October 31, 2004, and should be read in conjunction with the annual financial statements. Certain of the significant policies are as follows:

(a) Revenue recognition:

Revenue from the sale of licenses as well as revenue attributable to undelivered elements, including maintenance and other post-customer support services, is recognized ratably over the contract period. Revenue from consulting services is recognized when the services are performed and/or when earned.

2. Significant accounting policies (continued):

(b) Stock based compensation plan:

Effective November 1, 2002, the Corporation adopted the new Canadian accounting standard relating to stock-based compensation. Under this standard the Corporation followed the settlement method of accounting for stock options granted to employees whereby the proceeds received on the exercise of options were included in capital stock and no compensation expense was recognized. For stock-based compensation to non-employees, the Corporation calculated a fair value using an option-pricing model, and recorded the expense to earnings over the term of the option.

In September 2003, the CICA issued an amendment to Section 3870 – Stock based compensation and other stock based payments. The amended section is effective for fiscal years beginning on or after January 1, 2004. The amendment requires that companies measure all stock based payments using the fair value method of accounting and recognize the compensation expense in the financial statements. The Corporation has chosen to implement this amendment beginning with the current financial year beginning November 1, 2004. As a result, the Corporation is required to restate the financial results from the previous year to comply with the amended policy for comparison purposes.

(c) Per share amounts:

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options, warrants and other dilutive instruments.

(d) Income taxes:

The Corporation uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability on the balance sheet and its tax basis using income tax rates enacted at the balance sheet date. The effect of changes in rates on future income tax liabilities and assets is recognized in the period that the change occurs. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

3. Stock-based compensation

During the three month period ended January 31, 2005, 285,000 (January 31, 2004 – 60,000) share options were granted to officers, directors and employees of the Corporation. The options have an exercise price of \$0.12 per share (January 31, 2004 - \$0.20 per share) that is equal to the market price of the stock at the time of grant. The fair value of the options granted during the period was calculated on the date of grant and using the Black-Scholes option pricing model with the following assumptions: 1) risk-free rate of 5% (January 31, 2004 – 5%); 2) expected life of 2 years (January 31, 2004 – 5 years); 3) expected volatility of 60% (January 31, 2004 – 60%); and 4) no dividend payments (January 31, 2004 – no dividend payments). Based on these parameters, a stock-based compensation of \$12,400 (January 31, 2005 - \$6,700) was recognized for the period.

4. Share capital:

(a) Authorized:

Unlimited preferred shares, Series A and Series B; and

Unlimited common shares.

(b) Issued and outstanding:

Common shares	<u>Jan 31, 2005</u>		<u>Oct 31, 2004</u>	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	8,289,685	\$ 4,909,284	8,249,685	\$ 4,902,884
Exercise of options	—	—	40,000	6,400
Balance, end of period	8,289,685	\$ 4,909,284	8,289,685	\$ 4,909,284

As at March 15, 2005, the Corporation has 8,289,685 common shares and 710,000 stock options to purchase common shares outstanding.

(c) Stock option plan:

The Corporation has a stock option plan for its directors, officers and employees. Details of the stock option plan are as follows

	Number	Exercise price	Weighted average exercise price
Outstanding at October 31, 2004	530,000	0.12 – 0.35	0.28
Cancelled	(105,000)	0.16	0.16
Granted	285,000	0.12	0.12
Outstanding at January 31, 2005	710,000	\$ 0.12 – 0.35	\$ 0.24

Exercise price outstanding	<u>Options outstanding and exercisable</u>	
	Number outstanding at January 31, 2005	Weighted average remaining contractual life (months)
\$ 0.12	285,000	22
0.12	40,000	40
0.35	345,000	23
0.35	40,000	26
	710,000	24

5. Sale of Petro-LAB

On December 18, 2003 the Corporation terminated its royalty agreement with the purchaser of the Petro-LAB software resulting in the Corporation receiving a final cash payment, including adjustments, of approximately \$1,591,000 and the settlement of accounts payable and accrued liabilities totaling approximately \$63,000. As a result, a total gain on termination of the agreement and royalty payments of approximately \$1,654,000 was recorded in the first quarter of fiscal 2004. As such, the Corporation has not and will receive no further royalty payments from the purchaser of the Petro-LAB software.



LTX on the TSX.V

CORPORATE INFORMATION

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

Head Office

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Board of Directors

H. Ronald Sterne, Calgary, Alberta
Darryl K. Stackhouse, Calgary, Alberta
George A. Wilson*, Q.C., Toronto, Ontario
K. Garry Cook*, Calgary, Alberta
Jeff Howe*, Toronto, Ontario

* members of the Audit Committee

Executives and Officers

H. Ronald Sterne, Chief Executive Officer
Darryl K. Stackhouse, Chief Financial Officer

Auditors

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Chartered Accountants
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Solicitors

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Stock Exchange

The Toronto Venture Exchange
Trading Symbol: LTX