

# LABRADOR TECHNOLOGIES INC.

THREE AND SIX MONTH PERIODS ENDED APRIL 30, 2008

## MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the audited financial statements of Labrador Technologies Inc. ("LTI" or the "Corporation") for the year ended October 31, 2007. Additional information with respect to LTI can be found on the Corporation's website at [www.labradortechnologies.com](http://www.labradortechnologies.com) or on SEDAR at [www.sedar.com](http://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 Corporation's continuing ability to promote and license its products, the Corporation's ability to attract and retain key employees, and the Corporation'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.

This MD&A is dated as of June 25, 2008.

### Overall Performance

#### CEO'S REPORT TO SHAREHOLDERS

The 2007 Annual Report provides a comprehensive summary of the Company's thinking, strategies, and planning for its web-based product, Labrador® eTrieve™. What follows is a succinct update as of today's date.

#### Pipelines, Raster Logs & Other Enhancements

As referenced repeatedly, the provision of a comprehensive, integrated data suite is critical to eTrieve's success on a broad scale. Pipeline data has now been integrated with the Production and Drilling data, and Raster Logs will be released this month. At the same time, many enhancements have been added to eTrieve, and key capabilities, such as Proximity Searches, are now scheduled for timely release. Each of the Company's two-weekly software releases continues to add substance to eTrieve's unique, web-based data browsing capabilities, making it increasingly attractive to the market. No one could have known, however, about \$135 oil and \$12 natural gas, and these prices have simply exacerbated the frenetic activity in the oil & gas business, and made it more difficult to get people's attention. Nevertheless, we are getting peoples' attention, and proposals are in progress, as the execution of the Sales Plan, summarized in the 2007 Annual Report, is making important inroads with eTrieve in tough market conditions – in fact, just this week, we received verbal agreement for our first multi-seat eTrieve license with a senior company. Although the "relationship sales process" is always more time consuming than other approaches, the adoption of eTrieve will truly represent a mainstream "paradigm shift" to the web, in our niche, and the rewards of doing this carefully, patiently, and skillfully have immense potential.

## **Burn Rate & Staffing**

Again, in a market, which makes meticulous hiring extremely difficult, the Company continues to attract exemplary staff, both on a full-time and a consulting basis, to augment what is turning out to be a rather stellar "core-crew". Management is constantly looking down the road, and feels fortunate to draw the type of scalable, responsible personnel, a good mix of youth and experience, who are capable of taking the Company to the next level. At the same time, although the 2<sup>nd</sup> Quarter absorbed the bulk of our 2007 audit and TSXV related fees, management continues to keep the monthly cash-burn under tight control.

## **Patient Money Financing & Forward Looking People**

To date, the Company has now raised \$900,000, in phases, on the same terms of a Private Placement, at 25 cents a common share, as was reported in the 2007 Annual Report. The Company will continue to actively seek financing until eTriever becomes self-sufficient. As was previously reported, the profile of investors, which has been attracted to the Company in this Private Placement, is impressively knowledgeable about the oil & gas industry. As such, several of these investors are becoming integral parts of the Advisory Council, also referenced in the 2007 Annual Report. Thus, with a number of new investors/advisors demonstrating a serious interest in LTI's future, combined with both the new and core staff mentioned above, the Company continues to assemble an energized group of people who are committed to making eTriever and LTI a very profitable enterprise.

"signed"

H. Ronald Sterne  
President & C.E.O.

## Results of Operations

### Revenue

Currently, the Corporation has no current ongoing sources of revenue.

### Financial Summary

	Three months ended		Six months ended	
	April 30 2008	April 30 2007	April 30 2008	April 30 2007
Expenses	\$ 264,782	332,436	490,913	579,967
Net loss	(264,782)	(332,436)	(490,913)	(579,967)
Net loss per share	(0.01)	(0.02)	(0.02)	(0.02)
Outstanding shares	24,267,922	20,463,247	24,267,922	20,463,247

### 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 month period ended April 30, 2008 were \$103,742 compared to \$172,128 for the three month period ended April 30, 2007, a decrease of \$68,386. The decrease is primarily due to a decrease in accounting fees expense and administration salaries.

#### Computer and related costs

Computer and related costs include programmers' salaries, software costs, and telecommunication costs. This category of expenses totaled \$86,041 for the three month period ended April 30, 2008 compared to \$69,520 for the three month period ended April 30, 2007, an increase of \$16,521. The increase is primarily due to an increase in programmers' consulting fees.

#### Sales and marketing

Sales and marketing expenses include expenses for sales and support salaries/consulting fees, and promotion/advertising. For the three month period ended April 30, 2008, sales and marketing expenses were \$66,722 compared to \$24,537 for the three month period ended April 30, 2007, an increase of \$42,185. The increase is primarily due to an increase in sales and marketing salaries and product promotion.

#### Stock-based compensation

LTI issued 200,000 share options to various employees, officers, directors and consultants during the three month period ended April 30, 2008 (2007 – 335,000). Stock-based compensation expense of \$4,009 was recorded for the three month period ended April 30, 2008, based on an estimate of the fair value of the options calculated using the Black-Scholes option-pricing model.

#### Amortization

Amortization expense for the three month period ended April 30, 2008 was \$4,268 compared to \$3,126 for the three month period ended April 30, 2007.

#### Working capital

At April 30, 2008, LTI had cash of \$511,435, no debt, and working capital of \$499,567. The Corporation has no current sources of ongoing revenue and is relying on future sales to generate additional cash. As a result, the Corporation's ability to maintain its operations in the future is dependent on its ability to generate sufficient revenue, and/or raise sufficient capital, in the future to continue to fund its strategic business plan.

Please refer to "Subsequent Events" for current details on the success of LTI's February 25th, 2008 private placement announcement.

### Financing and Investing

During the three month period ended April 30, 2008, the Corporation's cash position increased by \$444,251 primarily as a result of the success of LTI's February 25<sup>th</sup>, 2008 private placement announcement.

### Summary of Quarterly Results

<b>Fiscal 2008</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Expenses	\$ 226,131	264,782	N/A	N/A
Net loss	(226,131)	(264,782)	N/A	N/A
Net loss per share	(0.01)	(0.01)	N/A	N/A
Outstanding shares	20,831,145	24,267,922	N/A	N/A

<b>Fiscal 2007</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Expenses	\$ 247,531	332,441	321,049	361,618
Net loss	(247,531)	(332,441)	(321,049)	(361,618)
Net loss per share	(0.01)	(0.02)	(0.02)	(0.02)
Outstanding shares	17,983,837	20,463,247	20,792,803	20,808,872

<b>Fiscal 2006</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Expenses	\$ 188,984	292,541	243,308	203,499
Net loss	(188,984)	(292,541)	(243,308)	(203,499)
Net loss per share	(0.02)	(0.02)	(0.02)	(0.01)
Outstanding shares	11,488,508	15,794,678	16,594,016	17,863,347

### Liquidity and Capital Resources

At April 30, 2008, LTI had cash of \$511,435, no debt and working capital of \$499,567. On February 25, 2008, the Corporation announced a private placement for between 2,000,000 and 6,000,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one half common share purchase warrant. Each whole share purchase entitles the holder to purchase one common share of the Corporation at \$0.45 per share and expires one year from the date of the private placement. As at April 30, 2008, the Corporation had closed the first tranche of this private placement and received \$850,000 in proceeds for 3,400,000 units. The Corporation has no current sources of ongoing revenue and is relying on future sales to generate additional revenue. As a result, the Corporation's ability to maintain its operations in the future is dependent on its ability to generate sufficient cash in the future.

LTI has two contractual obligations: an operating lease for office space and a lease for a vehicle supplied to an officer of the Corporation. The office space lease is for a three-year term ending August 2009 and has a monthly cost of \$9,063. The vehicle lease is for a three-year term ending January 2010 and has a monthly cost of \$491.

## Financial Instruments

As of the date of this MD&A, the Corporation had no financial instruments other than cash and cash equivalents, accounts receivable and accounts payable.

## Related Party Transactions

Of the 200,000 stock options granted in the three month period ended April 30, 2008, 100,000 stock options were granted to a director of the Corporation.

## Outstanding Share Data

As of June 25, 2008 LTI had 24,325,558 common shares, 2,335,785 warrants and 1,635,000 options to acquire common shares outstanding.

## Subsequent Events

On May 19, 2008, the Corporation closed the private placement that was announced on February 25<sup>th</sup>, 2008. No additional units were issued under this private placement.

A new private placement for between 2,000,000 and 6,000,000 units at a price of \$0.25 per unit was announced on May 26, 2008. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Corporation at \$0.45 per share and expires one year from the date of the private placement. As at June 25, 2008, the Corporation had received signed subscription agreements for 200,000 units and \$50,000 in proceeds all of which were received after April 30, 2008.

The Corporation received consent from the TSX Venture Exchange to extend the expiry date of 803,556 share purchase warrants that would otherwise have expired on May 19, 2008. These warrants, entitling the holder to purchase one common share of the Corporation at \$0.55, will now expire on May 19, 2009.

In addition, and as of May 30, 2007, the Corporation received cash of \$4,800 from the exercise of 40,000 stock options subsequent to April 30, 2008. The options were exercised by a director of the Corporation.

H. Ronald Sterne

Jeffrey Howe

**“signed”**

**“signed”**

President & Chief Executive Officer  
Labrador Technologies Inc.

Chief Financial Officer  
Labrador Technologies Inc.