

Financial Statements of

LABRADOR TECHNOLOGIES INC.

Six months ended April 30, 2009 and 2008

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Corporation discloses that its auditors, KPMG LLP, have not reviewed the unaudited financial statements for the six month period ended April 30, 2009.

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 six month period ended April 30, 2009 are the responsibility of the Corporation'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 Corporation's Audit Committee and Board of Directors.

H. Ronald Sterne
President & Chief Executive Officer
Labrador Technologies Inc.

Jeffrey Howe
Chief Financial Officer
Labrador Technologies Inc.

June 29, 2009

LABRADOR TECHNOLOGIES INC.

Balance Sheets
(Unaudited)

	April 30 2009	October 31 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,846	\$ 107,239
Accounts receivable	11,394	9,786
Prepaid expenses	11,162	16,904
	33,402	133,929
Property and equipment	44,046	34,400
	\$ 77,448	\$ 168,329
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 400,008	\$ 113,558
Loans payable (note 7)	87,500	-
Deferred revenue	2,083	-
	489,591	113,558
Shareholders' equity:		
Common shares (note 3)	8,134,566	7,827,902
Share purchase warrants (note 3)	135,466	135,466
Contributed surplus (note 3)	649,648	564,517
Deficit	(9,331,823)	(8,473,114)
	(412,143)	54,771
Going concern (note 1)		
Subsequent events (note 6)		
	\$ 77,448	\$ 168,329

See accompanying notes to financial statements.

On behalf of the Board:

H. Ronald Sterne
Director

George Wilson
Director

LABRADOR TECHNOLOGIES INC.

Statements of Operations and Deficit
(Unaudited)

	Three months ended		Six months ended	
	April 30 2009	April 30 2008	April 30 2009	April 30 2008
Income:				
Licence fees	\$ 2,500	—	4,375	—
Expenses:				
General and administrative	131,560	103,742	246,904	185,892
Computer and related costs	175,923	86,041	355,403	165,853
Sales and marketing	88,577	66,722	168,634	127,323
Stock-based compensation (note 3)	82,113	4,009	85,131	5,703
Amorization	3,510	4,268	7,020	6,401
Interest income	—	—	(8)	(259)
	481,683	264,782	863,084	490,913
Net loss	(479,183)	(264,782)	(858,709)	(490,913)
Deficit, at beginning of period	(8,852,640)	(7,563,014)	(8,473,114)	(7,336,883)
Deficit, at end of period	(9,331,823)	(7,827,796)	(9,331,823)	(7,827,796)
Net loss per share:				
Basic and diluted	\$ (0.02)	(0.01)	(0.03)	(0.02)

See accompanying notes to financial statements.

LABRADOR TECHNOLOGIES INC.

Statements of Cash Flows
(Unaudited)

	Three months ended		Six months ended	
	April 30 2009	April 30 2008	April 30 2009	April 30 2008
Cash provided by (used in):				
Operating activities:				
Net loss	\$ (479,183)	\$ (264,782)	\$ (858,709)	\$ (490,913)
Items not involving cash:				
Stock-based compensation	82,113	4,009	85,131	5,703
Amortization	3,510	4,268	7,020	6,401
Shares for services performed	3,264	6,610	6,664	12,824
	(390,296)	(249,895)	(759,894)	(465,985)
Changes in non-cash working capital (note 4)	205,897	(54,835)	292,667	(35,328)
	(184,399)	(304,730)	(467,227)	(501,313)
Investing activities:				
Property and equipment purchases	(1,627)	(1,019)	(16,666)	(1,019)
Financing activities:				
Loans advanced from Directors (note 7)	87,500	—	87,500	—
Proceeds from sale of shares and warrants (note 1)	100,000	750,000	300,000	850,000
	187,500	750,000	387,500	850,000
Net increase (decrease) in cash and cash equivalents	1,474	444,251	(96,393)	347,668
Cash and cash equivalents, beginning of period	9,372	67,184	107,239	163,767
Cash and cash equivalents, end of period	\$ 10,846	\$ 511,435	\$ 10,846	\$ 511,435
Cash and cash equivalents consist of:				
Cash	10,846	61,435	10,846	61,435
Short-term deposits	—	450,000	—	450,000
	\$ 10,846	\$ 511,435	\$ 10,846	\$ 511,435

See accompanying notes to financial statements.

LABRADOR TECHNOLOGIES INC.

Notes to Financial Statements
(Unaudited)

Six months ended April 30, 2009 and 2008

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

1. Going concern:

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.

Over the course of the past few years, and since the Corporation's non-compete with Qbyte Services (now owned by P2 Energy Solutions) expired on September 30, 2005, the Company has been raising capital in order to fund the development of its Web-based oil and gas data retrieval software, eTrieveer. The Corporation has been successful at raising over \$3.0 million from the period August 1, 2005 through June 29, 2009, including \$1.0 million in fiscal 2008 and \$0.3 million to date in fiscal 2009. The Corporation's fundraising efforts, however, have been hampered a great deal by the recent global economic crisis and, as at June 29, 2009, the Corporation had cash of \$10,122, no long term debt and a working capital deficiency of \$0.6 million.

The Corporation's ability to maintain its current level of operations is dependent upon its ability to generate sufficient cash to fund its strategic business plan. To date, the Corporation has had minimal revenue and is now, in the short term, entirely dependent on the raising of sufficient capital to discharge its obligations, including the working capital deficiency of \$0.6 million as at June 29, 2009. At April 30 2009, the Corporation had cash of \$10,846, no long term debt and a working capital deficiency of \$456,189. During the first six months of fiscal 2009, the Corporation incurred a net loss of \$858,709 (2008 - \$490,913). During 2008, the Corporation incurred a net loss of \$1,136,231 (2007 - \$1,262,639) and utilized funds in operations totaling \$1,047,216 (2007 - \$955,123). As at April 30, 2009, the Corporation had received \$300,000 in proceeds related to a private placement (note 6).

On June 9, 2009, the Corporation announced a non-brokered private placement for up to 40,000,000 units at a price of \$0.05 per unit, for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half common share purchase warrant with each warrant exercisable at a price of \$0.10 per common share for a period of 2 years following the closing date. The private placement is subject to the approval of the TSX Venture Exchange Inc. and the receipt of all necessary regulatory approvals. The completion of the private placement is also subject to additional conditions precedent, including satisfactory completion by the prospective investor of a due diligence review of Labrador, entering into a formal share purchase agreement and three of the current five current board members of Labrador resigning and being replaced by three nominees of the prospective investor. It is possible that these conditions will not be met, and accordingly, there is no guarantee that this private placement will be completed.

While management and the Board of Directors are considering all possible options in order to have sufficient cash to discharge its obligations in the normal course of operations for the foreseeable future, future operations are entirely dependent upon the raising of sufficient capital in the short-term. In addition, future operations in the longer term will be dependent on the development and marketing of the

Corporation's Web-based data retrieval technology and the corresponding generation of future cash flows, and the raising of capital, as required.

In the circumstances, management believes the going concern assumption is still appropriate for these financial statements but is contingent upon successful completion of the current private placement and the raising of capital in the future, as required. This assumption will be reviewed on an ongoing basis by management and the Board of Directors. If the going concern assumption were not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the balance sheet classifications used.

2. Significant accounting policies:

The financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. In the preparation of these financial statements, management has made estimates and assumptions that affect the recorded amounts of certain of the Corporation's assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of management estimates include valuation of stock based compensation and share purchase warrants. Actual results could differ from the estimates made.

The unaudited interim financial statements do not include all of the disclosure normally provided in annual financial statements and accordingly, they should be read in conjunction with the audited financial statements, including the notes thereto, as at and for the year ended October 31, 2008. The unaudited interim financial statements follow the same significant accounting policies and methods of application as the most recent audited financial statements of the Corporation as at and for the year ended October 31, 2008.

3. Share capital:

(a) Authorized:

Unlimited preferred shares, none of which were issued at January 31, 2009, Series A and Series B; and Unlimited common shares.

(b) Common shares issued:

	Six months ended		Year ended	
	April 30, 2009		October 31, 2008	
Common shares	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	25,215,010	\$ 7,827,902	20,808,872	\$ 6,840,197
Sale of units	—	—	4,000,000	958,170
Shares for services performed	51,794	6,664	114,138	22,035
Exercise of options	—	—	40,000	4,800
Finder fees shares issued	—	—	252,000	63,000
Share issue costs	—	—	—	(63,000)
Transfer from contributed surplus on exercise of stock options	—	—	—	2,700
Balance	25,266,804	7,834,566	25,215,010	7,827,902
Subscriptions received (see below)	3,000,000	300,000	—	—
Balance, end of period	28,266,804	\$ 8,134,566	25,215,010	\$ 7,827,902

On February 17, 2009, the Corporation announced the terms of a private placement for between 100,000 and 20,000,000 units at a price of \$0.10 per unit which closed on May 12, 2009. 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 \$0.20 per share and expires one year from the closing date of the private placement. As at April 30, 2009, the Corporation had received signed subscription agreements for 3,000,000 units and had received \$300,000 in proceeds.

(c) Share purchase warrants issued:

Warrants	Six months ended April 30, 2009		Year ended October 31, 2008	
	Number of warrants	Amount	Number of warrants	Amount
Balance, beginning of period	2,803,555	\$ 135,466	803,555	\$ 93,636
Sale of units	—	—	2,000,000	41,830
Exercise of warrants	—	—	—	—
Expired warrants	—	—	—	—
Balance, end of period	2,803,555	\$ 135,466	2,803,555	\$ 135,466

(d) Stock option plan:

The Corporation has a stock option plan for its directors, officers, consultants and employees. Details of the stock options outstanding and exercisable under this plan were as follows:

	Number	Exercise price	Weighted average exercise price
Outstanding at October 31, 2008	1,275,000	\$ 0.35 – 0.50	\$ 0.44
Granted	2,250,000	\$ 0.10 – 0.25	0.12
Cancelled	(250,000)	0.50	0.50
Outstanding at April 30, 2009	3,275,000	\$ 0.10 – 0.50	\$ 0.24

Exercise price	Number of Options	Weighted average remaining contractual life (months)
\$ 0.43	765,000	3
0.50	160,000	21
0.35	100,000	23
0.25	250,000	34
0.10	2,000,000	35
Stock options outstanding at April 30, 2009	3,275,000	26
Exercisable at April 30, 2009	1,445,000	16

(e) Stock-based compensation:

During the six month period ended April 30, 2009, 2,250,000 stock options (2008 – 260,000) were granted to employees, officers, consultants and directors of the Corporation. The fair value of stock options granted was estimated using the Black-Scholes option-pricing model with the following assumptions:

	Issued in the period ended Apr 30 2009	Issued in the year ended Oct 31 2008
Dividend yield	0%	0%
Expected volatility	90%	90%
Risk free rate of return	5%	5%
Expected option life	3 years	3 years
Weighted average option value	\$ 0.44	\$ 0.44

(f) Contributed surplus:

	Apr 30, 2009	Oct 31, 2008
Beginning of period	\$ 564,517	\$ 554,083
Stock-based compensation	85,131	13,134
Expired warrants	—	—
Exercise of options	—	(2,700)
End of period	\$ 649,648	\$ 564,517

(g) Per share amounts:

The weighted average number of common shares outstanding during the six month period ended April 30, 2009 was 25,237,566 (2008 – 21,003,669).

There was no dilutive effect of options and warrants for the three month periods ended April 30, 2009 and 2008.

4. Supplemental cash flow disclosure:

Changes in non-cash working capital are as follows:

	3 months ended April 30 2009	6 months ended April 30 2009
Accounts receivable and prepaid expenses	\$ 465	\$ 4,134
Accounts payable and accrued liabilities	207,932	286,450
Deferred revenue	(2,500)	2,083
	\$ 205,897	\$ 292,667

5. Fair values:

As at April 30, 2009, the fair values of the Corporation's monetary assets and liabilities approximated their carrying values due to the short term maturity of these items.

6. Subsequent events:

On June 9, 2009, the Corporation announced a non-brokered private placement for up to 40,000,000 units at a price of \$0.05 per unit, for gross proceeds of \$2,000,000. Each unit consists of one common share and one-half common share purchase warrant with each warrant exercisable at a price of \$0.10 per common share for a period of 2 years following the closing date. The private placement is subject to the approval of the TSX Venture Exchange Inc. and the receipt of all necessary regulatory approvals. The completion of the private placement is also subject to additional conditions precedent, including satisfactory completion by the prospective investor of a due diligence review of Labrador, entering into a formal share purchase agreement and three of the current five current board members of Labrador resigning and being replaced by three nominees of the prospective investor. It is possible that these conditions will not be met, and accordingly, there is no guarantee that this private placement will be completed.

7. Loans payable:

On March 10, 2009, a director of the Corporation loaned the Corporation \$62,500 bearing interest at 12% per annum and collateralized by a general security agreement. The loan is repayable on October 10, 2009. In addition, on April 14, 2009, another director of the Corporation loaned the Corporation \$25,000 bearing interest at 12% per annum. This loan is unsecured and is repayable on demand.

Corporate Information

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

Head Office

Labrador Technologies Inc.
350, 229 – 11th Avenue S.E.
Calgary, Alberta, Canada T2G 0Y1

Board of Directors

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

* - members of the Audit Committee

Executives and Officers

H. Ronald Sterne, President & Chief Executive Officer
Jeffrey Howe, Chief Financial Officer

Auditors

KMPG LLP
Chartered Accountants
2700, 205 – 5th Avenue S.W.
Calgary, Alberta, Canada T2P 4B9

Transfer Agent

Computershare Trust Company of Canada
Sixth Floor
530 – 8th Avenue S.W.
Calgary, Alberta, Canada T2P 3S8

Solicitors

Burstall Winger LLP
Barristers & Solicitors
Suite 3100 Home Oil Tower
324 – 8^h Avenue S.W.
Calgary, Alberta, Canada T2P 2Z2

Stock Exchange

The TSX Venture Exchange
Trading Symbol: LTX