

**LABRADOR TECHNOLOGIES INC.**

**NINE MONTHS ENDED JULY 31, 2009**

**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, 2008. 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).

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 September 28, 2009.

## **Overall Performance**

### **CEO'S REPORT TO SHAREHOLDERS**

#### **Setting Milestones and Achieving Them**

As evidenced by our Utilities and Healthcare initiatives cited by Press Release, and in our Q2 MD&A, LTI's business model has been focused on attracting companies with unique data stores to become Partners and/or Channels to sell its eTrieve software. LTI's principle selling feature, which makes this model realistic, is that eTrieve's web-based searching, mapping, and reporting capabilities provide Data Vendors with an extremely cost effective vehicle to sell their data. However, to make the "eTrieve Partnership Distribution Model" feasible, milestones had to be reached and strict measures had to be adhered to:

1. The Company dramatically reduced its G&A in order to survive in these difficult times, and still managed to develop eTrieve to the point where it has become validated by Partnership initiatives.
2. In terms of Oil & Gas Data, the whole Exploration & Production process begins with a Land Lease, making Land Data the most important database that eTrieve accesses. LTI released its 1<sup>st</sup> commercial version of eTrieve Land in June, and the Company continues to get compelling feedback, despite the summer slowdown, about the importance that Land data is to eTrieve's immediate commercial viability.
3. eTrieve's fundamental premise, that over 70% of Oil & gas users can make practical use of a web-based data browser, continues to be validated by a cross-section of discerning Oil & Gas industry players. Currently, eTrieve is the only Web 2.0 data browser in the Oil & Gas market, which delivers robust functionality in a light, agile, mobile, "sporty" version.
4. In addition to the previously announced strategic partnerships for eTrieve distribution in both the Utilities and Healthcare Sectors, the Company is selectively pursuing relationships with additional Data Vendors.

## **LTI Financing and New Senior Management**

The Company's current Private Placement is to provide working capital to eliminate accrued liabilities, to underwrite continued eTriever development, and to participate in ongoing Partnership negotiations so that the Company achieves successful eTriever sales distribution, with leading Data Vendors, across multiple vertical markets. And, despite limited capital, LTI's Software Products and Business Plan are attracting energized leadership candidates, eminently capable of exploiting LTI's unique strengths and taking the Company well along a path many years in the planning.

H. Ronald Sterne  
President & CEO

## Results of Operations

### Revenue

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

### Financial Summary

	Three months ended		Nine months ended	
	July 31	July 31	July 31	July 31
	2009	2008	2009	2008
Revenue, licence fees	\$ 2,083	—	6,458	—
Expenses	247,220	275,810	1,105,929	766,723
Net loss	(247,220)	(275,810)	(1,105,929)	(766,723)
Net loss per share	(0.01)	(0.01)	(0.03)	(0.03)
Outstanding shares	28,351,496	24,936,037	28,351,496	24,936,037

## 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 July 31, 2009 were \$92,300 compared to \$123,189 for the three month period ended July 31, 2008, a decrease of \$30,889. This decrease is primarily due to reduction in administration salaries and other expenses.

### Computer and related costs

Computer and related costs include programmers' salaries, software costs, and telecommunication costs. This category of expenses totaled \$64,219 for the three month period ended July 31, 2009 compared to \$83,062 for the three month period ended July 31, 2008, a decrease of \$18,843. The decrease is primarily due to a decrease in programmers' consulting fees and salaries.

### 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 July 31, 2009, sales and marketing expenses were \$73,779 compared to \$62,792 for the three month period ended July 31, 2008, an increase of \$10,987. The increase is primarily due to an increase in sales and marketing salaries and product promotion.

### Stock-based compensation

LTI issued no share options during the three month period ended July 31, 2009 (2008 – 260,000). Stock-based compensation expense of \$15,495 was recorded for the three month period ended July 31, 2009, 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 July 31, 2009 was \$3,510 compared to \$3,200 for the three month period ended July 31, 2008.

### Working capital

At July 31, 2009, LTI had cash of \$6,127, no debt, and working capital deficit of \$681,935. 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 private placement announcement.

### Financing and Investing

During the three month period ended July 31, 2009, the Corporation’s cash position decreased by \$4,719 primarily as a result of financing activities exceeding loss. Please refer to “Subsequent Events” for details on the success of LTI’s private placement.

### Summary of Quarterly Results

<b>Fiscal 2009</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Revenue, license fees	1,875	2,500	2,083	N/A
Expenses	\$ 381,401	481,683	249,303	N/A
Net loss	(379,526)	(479,183)	(247,220)	N/A
Net loss per share	(0.01)	(0.02)	(0.01)	N/A
Outstanding shares	25,237,677	25,266,804	28,351,496	N/A

<b>Fiscal 2008</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Revenue, license fees	—	—	—	1,458
Expenses	\$ 226,131	264,782	275,810	370,966
Net loss	(226,131)	(264,782)	(275,810)	(369,508)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Outstanding shares	20,831,145	24,267,922	24,936,037	25,215,010

<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

### Liquidity and Capital Resources

At July 31, 2009, LTI had cash of \$6,127, no debt and a working capital deficit of \$681,935. 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 May 12, 2009, the Corporation had received signed subscription agreements for 3,000,000 units and had received \$300,000 in proceeds. As at September 28, 2009, the Corporation had a cash balance of \$20,014. 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, accounts receivable and accounts payable.

## Related Party Transactions

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, other directors of the Corporation loaned the Corporation \$64,288 during the period bearing interest at 12% per annum during the period. These loans are unsecured and are repayable on demand.

## Outstanding Share Data

As of July 31, 2009 and also as at September 28, 2009. LTI had 28,351,496 common shares, 150,000 warrants and 2,310,000 options to acquire common shares outstanding.

## Subsequent Events

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 May 12, 2009, the Corporation had received signed subscription agreements for 3,000,000 units and had received \$300,000 in proceeds.

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. The Corporation announced on August 14, 2009, that negotiations had lapsed and that it had determined not to proceed with this private placement. The Corporation announced a new non-brokered private placement for up to 15,000,000 units at a price of \$0.10 per unit, for gross proceeds of \$1,500,000. The units will consist of common shares at a price of \$0.10 per share, and ½ share warrants at \$0.20, exercisable for 1 year. As at September 28, 2009, the Corporation had received \$125,000 in proceeds related to a private placement.

H. Ronald Sterne

Jeff Howe

**“signed”**

**“signed”**

President & Chief Executive Officer  
Labrador Technologies Inc.

Chief Financial Officer  
Labrador Technologies Inc.