

**LABRADOR TECHNOLOGIES INC.**

**THREE MONTHS ENDED JANUARY 31, 2010**

**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, 2009. 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 March 31, 2010.

## **Overall Performance**

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

#### **CEO's 1<sup>st</sup> Quarter 2010 Follow-Up to 2009 Annual Report**

#### **IHS Land Update**

As those shareholders who are from the Oil & Gas Sector will attest, IHS has singular quality Land Data. We expect, in the coming weeks, to augment the already completed IHS Crown Land with IHS Freehold and Open Crown Land Data. These unique IHS datasets will give eTrieve™, Powered by IHS™, significant advantages over competitive offerings and will ready it for full commercial release, in concert with IHS' eTrieve Sales Campaign.

#### **Financing Progress**

In order to prepare eTrieve for the IHS partnership, the core group of staff at LTI have had to undergo considerable financial hardship. What is truly remarkable about this group is their willingness to convert a substantial amount of their accrued salaries into equity, as per the Press Release, dated March 17th. Concurrently, the Company is also having success in the current Equity Private Placement, announced in the same Press Release.

#### **Focus & Minimalist Strategy**

Having been in the Software Service Business for almost 30 years, our culture is especially attuned to developing and deepening our partnership with IHS Inc. We have long believed that IHS is the biggest and the best data vendor in the world. Thus, to be in a position where we can focus our energy and acumen on

delivering their "critical information and insight" in the fastest, simplest, and lightest web-based manner imaginable is ideally suited to our maturing "minimalist" strategy.

We have no aspirations to diversify into other software or non-software endeavours. In fact, we have solely pursued data retrieval/delivery since 1981. Any of the inevitable additions to our highly skilled staff nucleus will be evaluated carefully in the context of our fundamental need to expand our significant lead on competitors to eTriever™ and the Labrador® Tool Suite. Our goal is to provide the finest web-based data delivery vehicles in the world and, particularly at this stage, everything else is extraneous.

## **CEO'S 2009 ANNUAL REPORT TO SHAREHOLDERS**

(dated February 26<sup>th</sup>, 2010, and provided for reference)

### **An Incredible Partnership**

#### **The Deal**

On November 6th, 2009, Labrador Technologies Inc. (LTI) signed a global strategic agreement with IHS Inc. (IHS) to distribute LTI's eTriever™ web application bundled with IHS Canadian Oil and Gas Critical Information. LTI has been singularly focussed on securing a high quality data supply as well as the means to distribute eTriever worldwide, and is therefore extremely pleased with this agreement. (See [http://press.ihs.com/article\\_display.cfm?article\\_id=4158](http://press.ihs.com/article_display.cfm?article_id=4158))

IHS (NYSE: IHS) is a leading global source of critical information and insight for more than a dozen industries including Energy. It celebrated its 50th anniversary in 2009 and employs approximately 4,000 people in 20 countries. IHS' Canadian Oil & Gas products include AccuMap™, mapping, data management and analysis software, and PETRA™, a geological, engineering and petrophysical analysis package. The Calgary office of IHS has 280 employees of whom 40 are Sales and Support.

#### **A Scalable Agreement**

The combination of LTI's innovative web-based data browsing technology and IHS' market-leading Oil and Gas data introduces a ground-breaking way for IHS' customers to work. IHS' Marketing, Sales and Support resources provide maximum opportunity for eTriever exposure and market penetration. (See <http://energy.ihs.com/products/etriever/index.htm>)

Importantly, although eTriever currently offers only IHS' Canadian Oil & Gas Critical Information, the agreement creates the framework to include additional IHS Oil & Gas Critical Information on a world-wide basis. With IHS marketing, selling and supporting eTriever, LTI is now able to focus almost entirely on continuing R&D on eTriever and the Labrador® Product Suite.

#### **Future Financings**

LTI has streamlined its G&A in order to fully support this critical partnership with IHS. Accordingly, LTI continues to explore financing alternatives aimed at providing working capital to eliminate accrued liabilities and underwrite continued eTriever development to support this company-changing partnership.

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

## Results of Operations

### Revenue

Currently, the Corporation has no significant ongoing sources of revenue. The Corporation, however, has received US\$240,000 in connection with a distribution agreement with IHS which has been recorded as deferred revenue. (see note 1, note 7 in the financial statements)

### Financial Summary

	Three months ended	
	January 31, 2010	January 31, 2009
Revenue, license fees	\$ —	\$ 1,875
Expenses	321,579	381,401
Net loss	(321,579)	(379,526)
Net loss per share	(0.01)	(0.01)
Outstanding shares	30,733,730	25,237,677

### 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 January 31, 2010 were \$165,155 compared to \$115,344 for the three month period ended January 31, 2009, an increase of \$49,811. The increase is primarily due to increased professional fees and general office expenses.

#### Computer and related costs

Computer and related costs include programmers' salaries, software costs, and telecommunication costs. This category of expenses totaled \$115,214 for the three month period ended January 31, 2010 compared to \$179,480 for the three month period ended January 31, 2009, a decrease of \$64,266. The decrease is primarily due to a reduction in programmer/consultant and related costs.

#### Marketing and sales

Marketing and sales expenses include expenses for sales and support salaries/consulting fees, and promotion/advertising. For the three month period ended January 31, 2010, marketing and sales expenses were \$33,187 compared to \$80,057 for the three month period ended January 31, 2009, a decrease of \$46,870. The decrease is primarily due to the reduction of sales department staff.

#### Interest expense (revenue)

Interest expense (revenue) includes mainly interest paid on loans advance to the Corporation by its directors. For the year, Interest expense (revenue) was \$4,065 compared to \$(8) for 2009, a net increase of \$4,073. The increase is primarily due additional financing required during the year.

#### Stock-based compensation

LTI issued no stock options during the three month period ended January 31, 2010 (2009 – nil). Stock-based compensation expense of \$1,138 was recorded for the three month period ended January 31, 2010, 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 January 31, 2010 was \$2,820 compared to \$3,510 for the three month period ended January 31, 2009. There were no additions to property and equipment in the period.

### Working capital

At January 31, 2010, LTI had cash of \$34,093, no debt, and negative working capital of \$998,059. The Corporation has not had any sources of ongoing revenue for many years as it has been developing its eTriever web application. The Corporation has recently received US\$240,000 in connection with a distribution agreement with IHS Inc. (see notes 1 and note 7 in the financial statements) and is relying on future sales from this agreement 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 to continue to fund its strategic business plan.

In addition, as at March 17, 2010, certain creditors of the Company had provided written consent to convert \$215,000 of aggregate liabilities into common shares at a price of \$0.09 per common share. TSX approval is required to complete these transactions.

### Financing and Investing

During the three month period ended January 31, 2010, the Corporation's cash position increased by \$24,675 primarily as a result of the US\$240,000 received from IHS Inc., the \$50,000 received in connection with the private placement and the loss of \$316,044 from operations. Please refer to "Subsequent Events" for details on the success of LTI's private placement.

### Summary of Quarterly Results

<b>Fiscal 2010</b>	<b>1-QTR</b>	<b>2-QTR</b>	<b>3-QTR</b>	<b>4-QTR</b>
Revenue, license fees	—	N/A	N/A	N/A
Expenses	\$ 321,579	N/A	N/A	N/A
Net loss	(321,579)	N/A	N/A	N/A
Net loss per share	(0.01)	N/A	N/A	N/A
Outstanding shares	30,733,730	N/A	N/A	N/A

<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	—
Expenses	\$ 381,401	481,683	249,303	245,344
Net loss	(379,526)	(479,183)	(247,220)	(245,344)
Net loss per share	(0.01)	(0.02)	(0.01)	(0.01)
Outstanding shares	25,237,677	25,266,804	28,351,496	30,717,969

<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

## **Liquidity and Capital Resources**

At January 31, 2010, LTI had cash of \$34,093, no debt and negative working capital of \$998,059. On March 17, 2010, the Corporation announced the terms of a private placement for up to 5,000,000 units at a price of \$0.10 per unit with an expected closing date of on or before April 19, 2010. 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 March 31, 2010, the Corporation had received signed subscription agreements for 2,000,000 units and had received \$200,000 in proceeds. As at March 31, 2010, the Corporation had a cash balance of \$76,052. The Corporation has recently received US\$240,000 in connection with a distribution agreement with IHS Inc. (see notes 1 and note 7 in the financial statements) 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 to continue to fund its strategic business plan.

## **Financial Instruments**

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

## **Loans Payable and Related Party Transactions**

During the year, 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 in monthly installments of \$650 with the balance due on March 31, 2010. In addition, other directors of the Corporation loaned the Corporation \$100,000 during the year, bearing interest at 12% per annum. These loans are unsecured and are repayable on demand.

On March 25, 2010, the loan of \$62,500 (note 6) was repaid in full to a director of the company, with accrued interest. On November 13, 2009 the loan of \$20,000 was repaid in full to a director of the company, with accrued interest.

## **Outstanding Share Data**

As of January 31, 2010. LTI had 30,733,730 common shares, 2,581,875 warrants and 1,410,000 options to acquire common shares outstanding.

As of March 31, 2010. LTI had 30,768,650 common shares, 12,581,875 warrants and 1,410,000 options to acquire common shares outstanding.

## **Subsequent Events**

On March 17, 2010, the Corporation announced the terms of a private placement up to 5,000,000 units at a price of \$0.10 per unit with an expected closing date of on or before April 19, 2010. 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 March 31, 2010, the Corporation had received signed subscription agreements for 2,500,000 units and had received \$250,000 in proceeds.

On March 25, 2010, the loan of \$62,500 (note 6) was repaid in full to a director of the company, with accrued interest.

As at March 17, 2010, certain creditors of the Company had provided written consent to convert \$215,000 of aggregate liabilities into common shares at a price of \$0.09 per common share. The breakdown of the \$215,000 by creditor category is as follows: employees \$100,000 (recorded in accounts payable and accrued liabilities), consultants \$90,000 (recorded in accounts payable and accrued liabilities), and directors \$25,000 (recorded in loans payable). As a result of this conversion, the working capital deficiency will be reduced by \$215,000. In addition, 2,388,889 new common shares will be issued bringing the total number of shares issued to 33,157,539. TSX approval is required to complete these transactions.

H. Ronald Sterne

Jeffrey Howe

**“signed”**

**“signed”**

President & Chief Executive Officer  
Labrador Technologies Inc.

Chief Financial Officer  
Labrador Technologies Inc.