Financial Statements of

LABRADOR TECHNOLOGIES INC.

Six months ended April 30, 2010 and 2009

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, 2010.

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, 2010 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 28, 2010

LABRADOR TECHNOLOGIES INC.

Balance Sheets
(Unaudited)

	April 30 2010	October 31 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 11,443	$ 9,418
Accounts receivable	46,972	10,968
Prepaid expenses	1,226	8,578
	59,641	28,964
Property and equipment	31,322	36,961
Total Assets	**$** 90,963	$ 65,925
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities (note 8**)**	**$** 679,479	$ 602,241
Loans payable	80,000	158,738
Deferred revenue (note 7)	251,304	—
Total Liabilities	1,010,783	760,979
Shareholders' equity (deficit):		
Common shares (note 3)	8,617,984	8,359,320
Share purchase warrants (note 3)	14,820	14,820
Contributed surplus (note 3)	753,996	755,193
Deficit	(10,306,620)	(9,824,387)
Total Shareholders' Equity (Deficit)	(919,820)	(695,054)
Going concern (note 1)		
Subsequent events (note 8)		
Total Liabilities and Shareholders' Equity (Deficit)	**$** 90,963	$ 65,925

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 2010	April 30 2009	April 30 2010	April 30 2009
Income:				
Licence fees	$ —	2,500	—	4,375
Consulting fees (note 9)	93,483	—	93,483	—
Expenses:				
General and administrative	101,159	131,560	270,378	246,904
Development and related costs	113,105	175,923	228,319	355,403
Sales and marketing	39,388	88,577	72,576	168,634
Stock-based compensation (note 3)	(2,335)	82,113	(1,197)	85,131
Amorization	2,820	3,510	5,640	7,020
Interest income	—	—	—	(8)
	254,137	481,683	575,716	863,084
Net loss and comprehensive loss	(160,654)	(479,183)	(482,233)	(858,709)
Deficit, at beginning of period	(10,145,966)	(8,852,640)	(9,824,387)	(8,473,114)
Deficit, at end of period	(10,306,620)	(9,331,823)	(10,306,620)	(9,331,823)
Net loss per share:				
Basic and diluted	$ (0.01)	(0.02)	(0.02)	(0.03)

See accompanying notes to financial statements.

LABRADOR TECHNOLOGIES INC.

Statements of Cash Flows
(Unaudited)

	Three months ended April 30 2010	Three months ended April 30 2009	Six months ended April 30 2010	Six months ended April 30 2009
Cash provided by (used in):				
Operating activities:				
Net loss	$ (160,654)	$ (479,183)	$ (482,233)	$ (858,709)
Items not involving cash:				
Stock-based compensation	(2,335)	82,113	(1,197)	85,131
Amortization	2,820	3,510	5,640	7,020
Shares for services performed	7,087	3,264	8,664	6,664
	(153,082)	(390,296)	(469,126)	(759,894)
Changes in non-cash working capital (note 4)	(13,431)	205,897	299,890	292,667
	(166,513)	(184,399)	(169,236)	(467,227)
Investing activities:				
Additions to property and equipment	—	(1,627)	—	(16,666)
Financing activities:				
Subscriptions received (note 3)	200,000	—	250,000	—
Loans advanced from Directors (note 6)	—	87,500	—	87,500
Proceeds from sale of shares and warrants (note 1)	—	100,000	—	300,000
Loan repayments	(56,137)	87,500	(78,739)	87,500
	143,863	187,500	171,261	387,500
Net increase (decrease) in cash and cash equivalents	(22,650)	1,474	2,026	(96,393)
Cash and cash equivalents, beginning of period	34,093	9,372	9,418	107,239
Cash and cash equivalents, end of period	$ 11,443	$ 10,846	$ 11,443	$ 10,846
Cash and cash equivalents consist of:				
Cash	11,443	10,846	11,443	10,846
Short-term deposits	—	—	—	—
	$ 11,443	$ 10,846	$ 11,443	$ 10,846

See accompanying notes to financial statements.

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 assumes 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, eTriever. The Corporation has been successful at raising over $3.3 million from the period August 1, 2005 through April 30, 2010, including $1.0 million in 2008, $0.5 million in 2009 and $0.3 in 2010. The Corporation's fundraising efforts, however, have been hampered a great deal by the recent global economic crisis and, as at April 30, 2010, the Corporation had cash of $11,443, no long term debt and a working capital deficiency of $1.0 million.

There is significant doubt about the appropriateness of using the going concern assumption because the Corporation's ability to continue as a going concern 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 $0.9 million as at June 28, 2010. At April 30, 2010, the Corporation had cash of $11,443, no long term debt and a working capital deficiency of $951,142. During the six months ended, the Corporation incurred a net loss of $ 482,233 (for the six months ended April 30, 2009 - $858,709) and used cash in operations totaling $169,236 (for the six months ended April 30, 2009 – used $467,227).

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.

On November 10, 2009, the Corporation announced a global strategic agreement with IHS Inc. ("IHS") to distribute Labrador's eTriever web application bundled with IHS Canadian Oil and Gas Critical Information. In connection with this agreement, the Corporation received a US$240,000 payment as an advance on software fees to be paid to the Corporation by IHS. (note 7)

In the circumstances, management believes the going concern assumption is still appropriate for these financial statements but is contingent upon the successful raising of sufficient 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. However, 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, 2009. 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, 2009.

3. Share capital:

(a) Authorized:

Unlimited preferred shares, none of which were issued at April 30, 2010, Series A and Series B; and Unlimited common shares.

(b) Common shares issued:

	Six months ended April 30, 2010		Year ended October 31, 2009	
Common shares	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	30,717,969	$ 8,359,320	25,215,010	$ 7,827,902
Sale of units	—	—	5,163,750	501,555
Shares for services performed	86,637	8,664	279,209	29,863
Finder fees shares issued	—	—	60,000	6,000
Share issue costs	—	—	—	(6,000)
Balance	30,804,606	8,367,984	30,717,969	8,359,320
Subscriptions received (note 8)	2,500,000	250,000	—	—
Balance, end of period	33,304,606	$ 8,617,984	30,717,969	$ 8,359,320

(c) Share purchase warrants issued:

Warrants	Six months ended April 30, 2010 Number of warrants	Six months ended April 30, 2010 Amount	Year ended October 31, 2009 Number of warrants	Year ended October 31, 2009 Amount
Balance, beginning of period	2,581,875	$ 14,820	2,803,555	$ 135,466
Sale of units	—	—	2,581,875	14,820
Exercise of warrants	—	—	—	—
Expired warrants	—	—	(2,803,555)	(135,466)
Balance, end of period	2,581,875	$ 14,820	2,581,875	$ 14,820

(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, 2009	1,410,000	$ 0.10 – 0.50	$ 0.13
Granted	—	—	—
Forfeited	(250,000)	0.10	—
Outstanding at April 30, 2010	1,160,000	$ 0.10 – 0.50	$ 0.13

Exercise price	Number of Options	Weighted average remaining contractual life (months)
$ 0.10	1,000,000	23
0.35	100,000	11
0.50	60,000	9
Stock options outstanding at April 30, 2010	1,160,000	21
Exercisable at April 30, 2010	1,160,000	21

(e) Stock-based compensation:

During the six month period ended April 30, 2010, no stock options (2009 – 2,250,000) 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 2010	Issued in the year ended Oct 31 2009
Dividend yield	0%	0%
Expected volatility	90%	90%
Risk free rate of return	1.5%	1.5%
Expected option life	3 years	3 years
Weighted average option value	$ 0.14	$ 0.13

(f) Contributed surplus:

	Apr 30, 2010	Oct 31, 2009
Beginning of period	$ 755,193	$ 564,517
Stock-based compensation	(1,197)	55,210
Expired warrants	—	135,466
End of period	$ 753,996	$ 755,193

(g) Per share amounts:

The weighted average number of common shares outstanding during the six month period ended April 30, 2010 was 30,746,907 (2009 – 25,237,566).

There was no dilutive effect of options and warrants for the three month periods ended April 30, 2010 and 2009.

4. Supplemental cash flow disclosure:

Changes in non-cash working capital are as follows:

	3 months ended April 30 2010	6 months ended April 30 2010
Accounts receivable and prepaid expenses	$ (26,270)	$ (28,652)
Accounts payable and accrued liabilities	12,839	77,238
Deferred revenue	—	251,304
	$ (13,431)	$ 299,890

5. **Fair values:**

As at April 30, 2010, 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. **Loans payable and related party transaction:**

On March 12, 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 was repayable in monthly installments of $650 with the balance due on March 31, 2010. The loan was repaid in full during the period.

In addition, other directors of the Corporation loaned the Corporation $100,000 in 2009, ($20,000 of which was repaid during the period) bearing interest at 12% per annum. These loans are unsecured and are repayable on demand.

7. **Deferred revenue:**

On November 10, 2009, the Corporation announced a global strategic agreement with IHS Inc. ("IHS") to distribute Labrador's eTriever web application bundled with IHS Canadian Oil and Gas Critical Information. In connection with this agreement, the Corporation received a US$240,000 payment as an advance on software fees to be paid to the Corporation by IHS. The entire amount has been recorded as deferred revenue and will be recorded into revenue when the services are performed and the revenue is earned.

8. **Subsequent Events:**

(a) 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 May 17, 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 April 30, 2010, the Corporation had received signed subscription agreements for 2,500,000 units and had received $250,000 in proceeds. At the closing date of May 17, 2010, the Corporation had received signed subscription agreements for 3,600,000 units and had received $360,000 in proceeds.

(b) 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 was received for this transaction and shares were issued to the creditors on May 17, 2010.

9. Consulting Fees:

During the period, the Corporation entered into a six month consulting contract with IHS. The fees are intended to cover certain programming/consulting fees provided by LTI in the context of the IHS/LTI Strategic Distribution Agreement. This current contract is for a maximum of $245,000 CDN and terminates on July 31, 2010.

LABRADOR TECHNOLOGIES INC.

Corporate Information

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

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K. Garry Cook*, Calgary, Alberta
Jeffrey Howe, Toronto, Ontario

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Stock Exchange
The TSX Venture Exchange
Trading Symbol: LTX