

# LABRADOR TECHNOLOGIES INC.

THREE MONTHS ENDED APRIL 30, 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 June 28, 2010.

### Overall Performance

### CEO'S REPORT TO SHAREHOLDERS

#### IHS eTrievers Land Update Complete

IHS Inc. ("IHS") Crown Land has now been expanded to include IHS Freehold and IHS Open Crown Land Data. These unique IHS datasets give eTrievers™, Powered by IHS™, significant advantages over competitive offerings.

#### Significant Changes at IHS Calgary

On April 30<sup>th</sup>, IHS Inc. announced ([http://press.ihs.com/article\\_display.cfm?article\\_id=4233](http://press.ihs.com/article_display.cfm?article_id=4233)) the appointment of Carl Garrison as Vice President of IHS Canada. Since then, I have had several pivotal meetings with Mr. Garrison and I am most optimistic about the value and commitment he brings to the IHS/LTI partnership. IHS Canada has already made Sales Management changes, which augment appreciably the potential effectiveness of the worldwide IHS/LTI Oil & Gas Distribution Agreement ([http://press.ihs.com/article\\_display.cfm?article\\_id=4158](http://press.ihs.com/article_display.cfm?article_id=4158)).

#### IHS eTrievers Sales

Much energy and experience were expended creating a balanced, win/win Strategic Distribution Agreement. This agreement substantially incents both IHS and LTI to work closely together to generate IHS eTrievers Sales. In this regard, IHS has just introduced an exclusive IHS eTrievers database/server environment, dedicated to providing clients with a unique and highly productive "workspace" for browsing IHS' "Critical Information and Insight" ... as never before.

IHS eTrierer is commercially-ready. Experienced, motivated IHS Sales Management is in place to oversee and execute a new and aggressive IHS eTrierer Sales Campaign, geared to prove material sales inroads by August 31<sup>st</sup>. This is not a time for more words and promises – the proof for LTI shareholders will be “in the IHS eTrierer sales pudding.”

### **Financing Progress**

LTI continues to raise capital as required to finance LTI's obligations and its opportunities born of the IHS/LTI Strategic Distribution Agreement.

Respectfully,

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) 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 (see note 9 in the financial statements)

### Financial Summary

	Three months ended		Six months ended	
	April 30 2010	April 30 2009	April 30 2010	April 30 2009
Revenue, licence fees	\$ —	2,500	—	4,375
Consulting fees	93,483	—	93,483	—
Expenses	254,137	481,683	575,716	863,084
Net loss	(160,654)	(479,183)	(482,233)	(858,709)
Net loss per share, fully and diluted	\$ (0.01)	(0.02)	(0.02)	(0.03)
Outstanding shares	30,804,606	25,266,804	30,804,606	25,266,804
Total assets	\$ 76,980	61,604	90,963	62,375

### 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, 2010 were \$101,159 compared to \$131,560 for the three month period ended April 30, 2009, a decrease of \$30,401. The decrease is primarily due to reduction of general office and staff expenses. For the six month period ended April 30, 2010 expenses were \$270,378 compared to \$246,904 for the six month period ended April 30, 2009, an increase of \$23,474. This increase was primarily due to an increase in professional and legal fees.

#### Development and related costs

Computer and related costs include programmers' salaries, software costs, and telecommunication costs. This category of expenses totaled \$113,105 for the three month period ended April 30, 2010 compared to \$175,923 for the three month period ended April 30, 2009, a decrease of \$62,818. The decrease is primarily due to a reduction in programmer/consultant and related costs. For the six month period ended April 30, 2010 expenses were \$228,319 compared to \$355,403 for the six month period ended April 30, 2009, a decrease of \$58,319. This decrease was primarily due to a decrease in development staff and consulting 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 April 30, 2010, marketing and sales expenses were \$39,388 compared to \$88,577 for the three month period ended April 30, 2009, a decrease of \$49,189. The decrease is primarily due to the reduction of sales department staff. For the six month period ended April 30, 2010 expenses were \$72,576 compared to \$168,634 for the six month period ended April 30, 2009, a decrease of \$96,058. This decrease was primarily due to a decrease in sales and marketing staff.

### Interest expense

Interest expense includes mainly interest paid on loans advance to the Corporation by its directors. For the six months ended April 30, 2010, interest expense was \$8,051 compared to \$3,995 for 2009, an increase of \$4,056 (three months ended April 30, 2010 - \$3,977 and April 30, 2009 - \$3,701, an increase of \$276). 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 April 30, 2010 (2009 – 2,250,000). Stock-based compensation expense recovery of \$2,335 was recorded for the three month period ended April 30, 2010 (2009 - \$3,510), 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, 2010 was \$2,820 compared to \$3,510 for the three month period ended April 30, 2009. There were no additions to property and equipment in the period. (2009 - \$1,627) For the six month period ended April 30, 2010 the expense was \$5,640 compared to \$7,020 for the six month period ended April 30, 2009. There were no additions to property and equipment in the six month period. (2009 - \$16,666)

### Working capital

At April 30, 2010, LTI had cash of \$11,443, no debt, and negative working capital of \$951,142. 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. The Corporation entered into a six month agreement with IHS for consulting fees to cover certain programming expenses. (see note 9 in the financial statements) As a result, the Corporation's ability to maintain its operations in the future is still 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 has been received to complete these transactions and shares were issued to the creditors on May 17, 2010.

### Financing and Investing

During the three month period ended April 30, 2010, the Corporation's cash position decreased by \$22,650 (three months ended April 30, 2009 - increase \$1,174) primarily as a result of the loan repayments and the loss of \$160,654 from operations.

### 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, consulting fees	—	93,483	N/A	N/A
Expenses	\$ 321,579	254,137	N/A	N/A
Net loss	(321,579)	(160,654)	N/A	N/A
Net loss per share, fully and diluted	\$ (0.01)	(0.01)	N/A	N/A
Outstanding shares	30,733,730	30,804,606	N/A	N/A
Total assets	\$ 69,461	76,980	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, fully and diluted	\$ (0.01)	(0.02)	(0.01)	(0.01)
Outstanding shares	25,237,677	25,266,804	28,351,496	30,717,969
Total assets	\$ 62,675	61,604	60,887	54,958

<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, fully and diluted	\$ (0.01)	(0.01)	(0.01)	(0.01)
Outstanding shares	20,831,145	24,267,922	24,936,037	25,215,010
Total assets	\$ 106,865	547,866	429,924	158,543

## Liquidity and Capital Resources

At April 30, 2010, LTI had cash of \$11,443, no debt and negative working capital of \$951,142. 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 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. 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 at April 30, 2010 and 2009, the carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these instruments.

## Loans Payable and Related Party Transactions

During the fiscal year ended October 31, 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 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 April 30, 2010. LTI had 30,804,606 common shares, 2,581,875 warrants and 1,160,000 options to acquire common shares outstanding.

As of June 29, 2010. LTI had 36,793,495 common shares, 4,381,875 warrants and 1,160,000 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 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 May 17, 2010, the Corporation had received signed subscription agreements for 3,600,000 units and had received \$360,000 in proceeds.

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.

H. Ronald Sterne

Jeffrey Howe

“signed”

“signed”

President & Chief Executive Officer  
Labrador Technologies Inc.

Chief Financial Officer  
Labrador Technologies Inc.