

LABRADOR TECHNOLOGIES INC.

SIX MONTHS ENDED APRIL 30, 2011

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, 2010. Additional information with respect to LTI can be found on the Corporation's website at www.labradortechnologies.com or on SEDAR at www.sedar.com.

Forward-looking Information

Certain information included in this MD&A is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events or developments that the Corporation expects or anticipates will or may occur in the future. This includes such things as the development plans and status of the Corporation's software development projects, the Corporation's intentions, results of operations, levels of activity, future capital and other expenditures, including the amount, nature and sources of funding thereof, business prospects and opportunities, research and development timetable, and future growth and performance. When used in this MD&A, statements to the effect that the Corporation or its management 'believes', 'expects', 'plans', 'may', 'will', 'projects', 'anticipates', 'predicts', 'intends' or similar statements, including 'potential', 'opportunity', or variations thereof are not statements of historical fact and should be construed as forward-looking information. These statements reflect management's current beliefs with respect to future events and are based on information currently available to the management of the Corporation. The Corporation believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

With respect to the forward-looking information contained in this MD&A, we have made assumptions regarding the following:

- Future software license sales
- The continued ability of the Corporation to raise operating capital
- Ability to continue current development and new product development
- Ability to retain and recruit qualified staff

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are describe herein. Many factors could cause the Corporation's actual results, performance or achievements, or future events or developments, to differ materially from those expressed or implied by the forward-looking information including, without limitation, the following factors:

- Economic conditions in the oil and gas industry
- Reliance on key partner
- Increased competition
- Reliance on employees with specialized skills and knowledge
- Protection of proprietary rights

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should

be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of the MD&A.

This MD&A is dated as of June 29, 2011.

Overall Performance

CEO'S REPORT TO SHAREHOLDERS

Accelerating the Course of 'Crossing the Chasm'

Having completed a \$750,000 financing at the end of March, the Company has moved aggressively to expand its eTrieve® R&D, tripled its Sales Team to collaborate with its distribution partners, and worked diligently to license its uniquely developed Labrador® Tool Suite – software tools which were created to map/model and query the abundance of proprietary databases that are critical to the operations of every size of Oil & Gas company.

Solid progress has been made on every front. Geoffrey Moore's book, 'Crossing the Chasm' outlines painstakingly the process of successfully introducing a "disruptive technology" like eTrieve to the marketplace. Not unlike the Tablet, currently led by the iPad™, disruptive technologies face many challenges, but once the early adopter stage is achieved, the potential is truly remarkable. eTrieve releases are scheduled successively for June, July and August before the fall sales season; and the Company deems it appropriate at this critical time not to provide further information advantageous to potential competitors. For the time being, LTI will let its sizable increase in new eTrieve clients, its device-independent, mobile focus for R&D, and its other related negotiations, including additional financings, tell its story. Public announcements will be made as appropriate and Management is quite pleased with the Company's progress.

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). The Corporation is also starting to generate license fee sales in connection with that agreement.

Financial Summary

	Three months ended		Six months ended	
	April 30 2011	April 30 2010	April 30 2011	April 30 2010
Revenue				
Licence fees	\$ 7,000	—	10,333	—
Consulting fees	—	93,483	—	93,483
Data modeling	20,942	—	41,884	—
	27,942	93,483	52,217	93,483
Expenses				
General and administrative	137,367	97,182	225,858	262,336
Development and related costs	93,439	113,105	143,396	228,319
Other expenses	49,511	43,850	92,732	85,061
	280,317	254,137	461,986	575,716
Net loss	(252,375)	(160,654)	(409,769)	(482,233)
Net loss per share, fully and diluted	\$ (0.01)	(0.01)	(0.01)	(0.02)
Outstanding shares	52,626,137	30,804,606	52,626,137	30,804,606
Total assets	\$ 410,250	90,963	410,250	90,963

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, 2011 were \$137,367 compared to \$97,182 for the three month period ended April 30, 2010, an increase of \$40,185. This is primarily due to an increase in professional, general administration and staff expenses. For the six month period ended April 30, 2011 expenses were \$225,858 compared to \$262,336 for the six month period ended April 30, 2010, a decrease of \$36,478. This decrease was primarily due to a reduction in legal fees.

Development and related costs

Computer and related costs include programmers' salaries, software costs, and telecommunication costs. This category of expenses totaled \$93,439 for the three month period ended April 30, 2011 compared to \$113,105 for the three month period ended April 30, 2010, a decrease of \$19,666. The decrease is primarily due to a reduction in programmer/consultant and related costs. For the six month period ended April 30, 2011

expenses were \$143,396 compared to \$228,319 for the six month period ended April 30, 2010, a decrease of \$84,923. 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, 2011, marketing and sales expenses were \$38,699 compared to \$39,388 for the three month period ended April 30, 2010, a decrease of \$689. The decrease is due to the reduction of marketing expenses. For the six month period ended April 30, 2011 expenses were \$68,611 compared to \$72,576 for the six month period ended April 30, 2010, a decrease of \$3,965. This decrease was primarily due to a decrease in marketing expenses.

Interest expense

Interest expense includes mainly interest paid on loans advance to the Corporation by its directors. For the six months ended April 30, 2011 interest expense was \$18,901 compared to \$8,042 for 2010, an increase of \$10,859 (three months ended April 30, 2010 - \$8,202 and April 30, 2010 - \$3,977, an increase of \$4,225). 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, 2011 (2010 – nil). There was no Stock-based compensation expense recorded for the three month period ended April 30, 2011 (2010 – recovery \$2,335), 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, 2011 was \$2,610 compared to \$2,820 for the three month period ended April 30, 2010. There were no additions to property and equipment in the period (2010 - nil). For the six month period ended April 30, 2011 the expense was \$5,220 compared to \$5,640 for the six month period ended April 30, 2010. There were no additions to property and equipment in the six month period (2010 - nil).

Working capital

At April 30, 2011, LTI had cash of \$379,373, no debt, and negative working capital of \$608,285. The Corporation has not had any significant sources of ongoing revenue for many years as it has been developing its eTriever web application. In November 2009, 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.

Financing and Investing

During the three month period ended April 30, 2011, the Corporation's cash position increased by \$362,957 (three months ended April 30, 2010 - decrease \$22,650) primarily as a result of the private placement which closed on March 29, 2011 with gross proceeds of \$750,000 offset by the loss of \$252,375 from operations.

On February 22, 2011, the Corporation announced a non-brokered private placement for up to 15,000,000 common shares at a price of \$0.05 per Common Share, for proceeds up to \$750,000. The Offering received all necessary regulatory approvals. LTI paid a finder's fee of 8% of gross proceeds, consisting of \$30,000 cash and 600,000 common shares, to qualified persons pursuant to available securities laws exemptions. On March 29, 2011, the Corporation closed the private placement having received signed Subscriptions Agreements for 15,000,000 common shares and \$750,000 in proceeds.

Summary of Quarterly Results

Fiscal 2011	1-QTR	2-QTR	3-QTR	4-QTR
Revenue				
License fees	3,333	7,000	N/A	N/A
Data modeling	20,942	20,942	N/A	N/A
	24,275	27,942	N/A	N/A
Expenses				
General and administration	88,492	137,367	N/A	N/A
Development and related costs	49,956	94,439	N/A	N/A
Other expenses	43,221	48,511	N/A	N/A
	181,669	280,317	N/A	
Net loss	(157,394)	(252,375)	N/A	N/A
Net loss per share, basic and diluted	\$ (0.01)	(0.01)	N/A	N/A
Outstanding shares	37,026,137	52,626,137	N/A	N/A
Total assets	\$ 44,945	410,250	N/A	N/A
Fiscal 2010	1-QTR	2-QTR	3-QTR	4-QTR
Revenue				
Consulting fees	—	93,483	85,963	53,887
License fees	—	—	4,000	(1,333)
Data modeling	—	—	—	82,571
	—	93,483	89,963	135,125
Expenses				
General and administration	165,155	101,159	105,647	113,704
Development and related costs	115,214	113,105	101,829	122,055
Other expenses	41,210	39,873	32,827	55,665
	321,579	254,137	240,303	291,424
Net loss	(321,579)	(160,654)	(150,340)	(156,299)
Net loss per share, basic and diluted	\$ (0.01)	(0.01)	(0.00)	(0.00)
Outstanding shares	30,733,730	30,804,606	36,793,495	36,978,175
Total assets	\$ 90,163	90,963	119,934	35,215
Fiscal 2009	1-QTR	2-QTR	3-QTR	4-QTR
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

Liquidity and Capital Resources

At April 30, 2011, LTI had cash of \$379,373, no debt and negative working capital of \$608,285. To date, the Corporation has had minimal revenue and is now, in the short term, dependent on the raising of sufficient capital and/or generating sufficient revenue from the licensing of its eTriever software, which is expected to occur primarily through the corporation's agreement with IHS Inc., to discharge its obligations, including the working capital deficiency of \$0.6 million as at April 30, 2011. During the six month period ended April 30, 2011, the Corporation incurred a net loss of \$ 409,769 (2010 - \$482,233) and used cash in operations totalling \$423,108 (2010 – \$169,236).

In November 2009, the Corporation 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.

On February 22, 2011, the Corporation announced a non-brokered private placement for up to 15,000,000 common shares at a price of \$0.05 per Common Share, for proceeds up to \$750,000. The Offering received all necessary regulatory approvals. LTI paid a finder's fee of 8% of gross proceeds, consisting of \$30,000 cash and 600,000 common shares, to qualified persons pursuant to available securities laws exemptions. On March 29, 2011, the Corporation closed the private placement having received signed Subscriptions Agreements for 15,000,000 common shares and \$750,000 in proceeds.

For the past 2 fiscal years, the Corporation has been using cash in operations at rate of approximately \$250,000 per quarter. This has been with nominal revenues from the sale of its eTriever software and, accordingly, this use of cash has been financed primarily through the raising of capital in the form of private placements, debt to equity conversions, and loans. As at October 31, 2009, the working capital deficit was \$0.7 million. As at October 31, 2010, the working capital deficit was \$0.9 million. The increase of \$0.2 million has resulted primarily from the cash used in operations exceeding the amount that has been raised through financing activities. At April 30, 2011 the working capital deficiency was \$0.6 million and at March 31, 2011, it is \$0.5 million, a decrease of \$0.3 million as a result of a successful private placement. (see note 3 in the financial statements)

In the future, the Corporation's use of cash in operations per quarter will be dependent on many variables, including primarily (i) the rate of sales of licences of its eTriever software through its global strategic agreement with IHS Inc. ("IHS") to distribute Labrador's eTriever web application bundled with IHS Canadian Oil and Gas Critical Information; and (ii) the level of staff and support infrastructure necessary to support those eTriever software sales and any new development and sales initiatives.

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 and/or generating sufficient revenue from the licensing of its eTriever software, which is expected to occur primarily through the Corporation's agreement with IHS. 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.

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 period, three directors advanced separate loans to the Corporation totalling \$70,000. These loans bear interest at 12% per year, are unsecured and due on demand. A further loan was advanced to the Corporation by a shareholder for \$50,000 under the same terms. Director loans totalling \$15,000 were repaid in the period.

As at April 30, 2011, the fair value of these loans and transactions approximated their carrying values due to the short term nature of these items.

Subsequent Events

On May 4, 2011, 3,460,000 stock options were granted to employees, officers, consultants and directors of the Corporation. The options vest over a period of two years and expire on May 4, 2014

Outstanding Share Data

As of April 30, 2011. LTI had 52,626,137 common shares, 1,800,000 warrants and 1,000,000 options to acquire common shares outstanding.

As of June 29, 2011, LTI had 52,626,137 common shares, 1,800,000 warrants and 4,460,000 options to acquire common shares outstanding.

H. Ronald Sterne

“signed”

President & Chief Executive Officer
Labrador Technologies Inc.

Jeffrey Howe

“signed”

Chief Financial Officer
Labrador Technologies Inc.