

Unaudited Condensed Interim Financial Statements of

LABRADOR TECHNOLOGIES INC.

Three months ended January 31, 2016 and 2015

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of Labrador Technologies Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statement of Financial Position

(Unaudited)
(expressed in Canadian dollars)

	January 31, 2016	October 31, 2015
ASSETS		
Current Assets		
Cash	\$ 6,830	\$ 9,746
Accounts Receivable	6,376	16,603
Prepaid Expenses	1,262	4,262
	14,468	30,611
Property, Equipment, and Software	11,019	11,843
Total Assets	\$ 25,487	\$ 42,454
Liabilities and Shareholders' Equity		
Current Liabilities		
Trade Payables and Accrued Liabilities	\$ 1,475,067	\$ 1,379,594
Loans Payable (note4)	1,189,374	1,102,726
Deferred Revenue	13,500	17,167
Total Liabilities	2,677,941	2,499,487
Shareholders' Equity		
Common Shares (note 5)	10,374,250	10,374,250
Contributed Surplus	1,603,632	1,603,632
Deficit	(14,630,336)	(14,434,915)
	(2,652,454)	(2,457,033)
Total Liabilities and Shareholders' Deficit	\$ 25,487	\$ 42,454

Going concern (note 3)

See accompanying notes to condensed interim financial statements.

On behalf of the Board:

“Signed”

H. Ronald Sterne
Director

“Signed”

Jeffrey Howe
Director

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Operations and Comprehensive Income (Loss)

(Unaudited)
(expressed in Canadian dollars)

	Three Months Ended	
	January 31, 2016	January 31, 2015
Revenue		
License Fees	\$ 5,667	\$ 8,478
Expenses		
General & Administrative	63,193	77,526
Development & Related	75,503	77,634
Marketing & Sales	17,250	12,000
	155,946	167,160
Operating Loss	(150,279)	(158,682)
Finance Costs	45,142	19,013
Loss before income and other taxes	(195,421)	(177,695)
Net Loss & Comprehensive Loss	\$ (195,421)	\$ (177,695)
Loss per share		
Basic & diluted	\$ (0.00)	\$ (0.00)

See accompanying notes to condensed interim financial statements.

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Changes in Deficit

(Unaudited)
(expressed in Canadian dollars)

			Contributed		
	Capital	Surplus	Deficit	Total	
Balance at October 31, 2014	\$ 10,374,250	\$ 1,603,632	\$ (13,766,001)	\$ (1,788,119)	
Net loss and comprehensive loss	-	-	(177,695)	(177,695)	
Balance at January 31, 2015	\$ 10,374,250	\$ 1,603,632	\$ (13,943,696)	\$ (1,965,814)	
Balance at October 31, 2015	10,374,250	1,603,632	(14,434,915)	(2,457,033)	
Net loss and comprehensive loss	-	-	(195,421)	(195,421)	
Balance at January 31, 2016	\$ 10,374,250	\$ 1,603,632	\$ (14,630,336)	\$ (2,652,454)	

See accompanying notes to condensed interim financial statements.

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Cash Flows

(Unaudited)
(expressed in Canadian dollars)

	Three Months Ended	
	January 31, 2016	January 31, 2015
Cash flows used in operating activities		
Net Loss	\$ (195,421)	\$ (177,695)
Adjustments for:		
Depreciation	824	1,241
Finance costs	45,142	19,013
	(149,455)	(157,441)
Changes in non-cash working capital		
Accounts Receivable	10,227	(1,510)
Prepaid Expenses	3,000	-
Accounts Payable and Accrued Liabilities	51,006	24,917
Deferred Revenue	(3,667)	(1,981)
Cash used in operating activities	(88,889)	(136,015)
Interest paid	(675)	(857)
Net cash used in operating activities	(89,564)	(136,872)
Cash flows from financing activities		
Proceeds from loan advances	86,648	170,000
Net cash provided by financing activities	86,648	170,000
Cash flows used in investment activities		
Property and equipment	-	(6,709)
Net cash used in investment activities	-	(6,709)
Increase in cash	(2,916)	26,419
Cash, beginning of period	9,746	725
Cash, end of period	\$ 6,830	\$ 27,144

See accompanying notes to condensed interim financial statements

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

1. Reporting entity:

Labrador Technologies Inc. (the "Company") is a company domiciled in Alberta, Canada and is incorporated pursuant to the Business Corporations Act (Alberta), with its common shares listed on the TSX Venture Exchange under the symbol "LTX". The address of the Company's registered office is 350 - 229 11th Avenue S.E., Calgary, Alberta, Canada T2G 0Y1. The Company is engaged in the research and development and marketing of data retrieval technology for customers.

2. Basis of preparation:

a) Statement of compliance:

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements were authorized for issue by the Board of Directors on March 31, 2016.

b) Basis of measurement:

The financial statements have been prepared on the historical cost basis.

c) These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, costs and expenses for the period. Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and are reviewed on an ongoing basis. Actual results may differ from such estimates and it is possible that the differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and underlying assumptions are reviewed on an ongoing basis and are the same as those disclosed in the Company's October 31, 2015 audited financial statements.

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

3. Going concern:

In recent years, the Company has raised capital in order to fund the development of its web-based oil and gas data retrieval software products, eTriever and wellTriever. The Company has raised in excess of \$5.6 million during the period August 1, 2005 through January 31, 2016.

There is a material uncertainty that may cast a significant doubt about the appropriateness of using the going concern assumption because the Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash to settle its existing liabilities and fund its strategic business plan. To date, the Company has minimal revenue and is now, in the short term, dependent on raising sufficient capital to realize its assets and discharge its obligations, including the working capital deficiency of \$2.7 million as at January 31, 2016 (2015 - \$2.0 million). In addition, the Company will continue to pursue opportunities to license its eTriever software and to generate revenue from the Company's new product, wellTriever. Revenue realized through these additional sources is expected to assist the Company in realizing its assets and discharging its obligations.

At the period end, the Company had cash of \$6,830, no long term debt and a working capital deficiency of \$2,663,473. During the three months ended January 31, 2016, the Company incurred a net loss of \$195,421 (2015 - \$177,695) and used cash in operations totaling \$89,564 (2015 – used \$136,872).

Management believes the going concern assumption is still appropriate for these financial statements but is dependent upon the successful raising of sufficient capital in the future as required achieving and sustaining profitable operations, as well as the continued support from related parties and trade and other creditors. There can be no assurance that the steps management is taking will be successful. 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 classifications used in the statement of financial position.

4. Loans Payable:*a) Related Party Transactions:*

As at January 31, 2016 the Company had \$1,189,374 (2015 - \$744,201) of loans payable to certain officers, directors, former directors, and shareholders. These loans bear interest at 12% per year, are unsecured and due on demand. Total interest accrued and payable as at January 31, 2016 was \$287,518 (2015 - \$172,593). During the three months ended January 31, 2016 additional advances on these loans of \$86,648 (2015 - \$170,000) were made to the Company.

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

5. Share Capital:

a) Authorized:

Unlimited preferred shares, series A and B, none of which were issued at January 31, 2016, and unlimited common shares.

b) Common shares issued:

	Three months ended January 31, 2016		Three months ended January 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares				
Balance, beginning of period	112,926,137	\$10,374,250	112,926,137	\$10,374,250
Balance, end of period	112,926,137	\$10,374,250	112,926,137	\$10,374,250

c) Stock option plan:

The Company has a stock option plan for its directors, officers, consultants and employees. Option vesting periods range from ½ upon grant & ½ after 6 months, and 1/3 immediately, 1/3 after 12 months, 1/3 after 24 months. Options expire 3 years from date of grant. There are no current stock options outstanding and exercisable under this plan.

There are no exercisable options at January 31, 2016.

d) Per share amounts:

The weighted average number of common shares outstanding during the three month period ended January 31, 2016 was 112,926,137 (2015 – 112,926,137).

There was no dilutive effect of options and warrants for the three months ended January 31, 2016 and 2015.

6. Financial instruments and financial risk management:

i) Classification of financial instruments:

	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Trade payables and accrued liabilities	Other financial liabilities	Amortized cost
Loan payables	Other financial liabilities	Amortized cost

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

ii) Determination of Fair Values

The following table analyzes recurring assets and liabilities measured at fair value in the statement of financial position. The different levels are defined as follows:

- Level 1 - determined by reference to quoted process in active markets for identical financial assets and liabilities;
- Level 2 – inputs to the valuations, other than quoted prices, are observable for the financial assets and liabilities, whether directly or indirectly; and
- Level 3 – inputs to the valuations are based on inputs that are not observable for the financial assets and liabilities.

Recurring Measurements	January 31, 2016	Level 1	Level 2	Level 3
Financial Assets				
Cash and cash equivalents		\$6,830	\$ –	\$ –

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the three months ended January 31, 2016, there were no transfers between fair value hierarchy levels.

Financial instruments that are not measured at fair value on the condensed interim statement of position are represented by accounts receivable, accounts payable and accrued liabilities and Loans payable. The fair values of accounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying values due to their short term nature.

Overview

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

a) Interest rate risk:

Interest rate risk is the risk that fair value of a financial instrument or its cash flows will fluctuate as a result of changes in interest rates.

The Company maintains its short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations.

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2016 and 2015

(Unaudited)

(expressed in Canadian dollars)

The loans payable bear interest at a fixed rate of 12% and are due upon demand, thus the cash flows are not subject to interest rate risk.

b) Liquidity risk:

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. Given that the Company does not have significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company on a timely basis. Refer to note 3 for details regarding the going concern assumption.

At January 31, 2016, the Company has cash balances of \$6,830 and a working capital deficiency of \$2,663,473. The Company has financial liabilities of \$2,677,941 classified as current liabilities.

Corporate Information

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

Head Office

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Board of Directors

H. Ronald Sterne*, Calgary, Alberta
George A. Wilson*, Q.C., Toronto, Ontario
Jeffrey Howe*, Toronto, Ontario

*- members of the Audit Committee

Executives and Officers

H. Ronald Sterne, President & Chief Executive Officer
Jeffrey Howe, Interim Chief Financial Officer

Auditors

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Chartered Accountants
2700 - 205 5th Avenue S.W.
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Transfer Agent

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Solicitors

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Stock Exchange

The TSX Venture Exchange
Trading Symbol: LTX