

Unaudited Condensed Interim Financial Statements of

LABRADOR TECHNOLOGIES INC.

Three months ended January 31, 2018 and 2017

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 Chartered Professional Accountants of Canada 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)

As At	January 31, 2018	October 31, 2017
ASSETS		
Current Assets		
Cash	\$ 463,093	\$ 7,872
Accounts Receivable	26,233	9,897
Prepaid Expenses	223	223
	489,549	17,992
Property, Equipment, and Software (note 4)	5,820	6,244
Total Assets	\$ 495,369	\$ 24,236
Liabilities and Shareholders' Deficit		
Current Liabilities		
Trade Payables and Accrued Liabilities (note 5)	\$ 967,442	\$ 1,813,923
Loans Payable (note 6)	92,642	229,593
Deferred Revenue (note 7)	9,750	7,250
Total Liabilities	1,069,834	2,050,766
Shareholders' Deficit		
Common Shares (note 8)	11,565,740	10,540,948
Contributed Surplus	3,350,554	2,635,520
Deficit	(15,490,759)	(15,202,998)
	(574,465)	(2,026,530)
Total Liabilities and Shareholders' Deficit	\$ 495,369	\$ 24,236

Going concern (note 3)
Subsequent events (note 13)

See accompanying notes to condensed interim financial statements.

On behalf of the Board:

H. Ronald Sterne
Director

Jeffrey Howe
Director

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited)
(expressed in Canadian dollars)

	Three Months Ended	
	January 31, 2018	January 31, 2017
Revenue		
License Fees (note 7)	\$ 3,731	\$ 4,020
Expenses		
General & Administrative	83,814	55,830
Share based compensation	294,712	-
Development & Related	505	13,248
Marketing & Sales	29,000	16,350
	408,031	85,428
Operating Loss	(404,300)	(81,408)
Finance Costs	(7,905)	(47,414)
Other Income (note 9)	42,406	-
Loss before income and other taxes	(369,799)	(128,822)
Deferred Tax Recovery	(82,038)	-
Net Loss & Comprehensive Loss	\$ (287,761)	\$ (128,822)
Loss per share		
Basic & diluted (note 8(e))	\$ (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)

	Capital	Contributed Surplus	Deficit	Total
Balance at October 31, 2016	\$ 10,374,250	\$ 1,603,632	(15,062,636)	(3,084,754)
Net loss and comprehensive loss	-	-	(128,822)	(128,822)
Balance at January 31, 2017	\$ 10,374,250	\$ 1,603,632	(15,191,458)	(3,213,576)
Balance at October 31, 2017	\$ 10,540,948	\$ 2,635,520	(15,202,998)	(2,026,530)
Common shares issued, net	1,051,203	-	-	1,051,203
Forgiveness of debt by related parties	-	393,911	-	393,911
Options and warrants issued	(26,411)	321,123	-	294,712
Net loss and comprehensive loss	-	-	(287,761)	(287,761)
Balance at January 31, 2018	\$ 11,565,740	\$ 3,350,554	(15,490,759)	(574,465)

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, 2018	January 31, 2017
Cash flows used in operating activities		
Net Loss	\$ (287,761)	\$ (128,822)
Adjustments for:		
Deferred income tax recovery	(82,038)	-
Share based compensation	294,712	-
Depreciation	424	589
Finance costs	7,905	47,414
Gain on settlement of debt	(42,406)	-
	(109,164)	(80,819)
Changes in non-cash working capital		
Accounts receivable	(16,336)	9,207
Accounts payable and accrued liabilities	(62,838)	34,382
Deferred revenue	2,500	2,209
Cash used in operating activities	(185,838)	(35,021)
Interest paid	(841)	(690)
Net cash used in operating activities	(186,679)	(35,711)
Cash flows from financing activities		
Common share issued, net	625,475	-
Proceeds from loan advances	16,425	35,645
Net cash provided by financing activities	641,900	35,645
Increase (decrease) in cash	455,221	(66)
Cash, beginning of period	7,872	8,268
Cash, end of period	\$ 463,093	\$ 8,202

See accompanying notes to condensed interim financial statements

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(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 April 2, 2018.

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, 2017 audited financial statements.

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

3. Going concern:

These financial statements have been prepared in accordance with IFRS applicable to a going concern which contemplates that the Company 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.

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 \$6.2 million during the period August 1, 2005 through January 31, 2018.

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 \$580,284 as at January 31, 2018 (October 31, 2017 - \$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 January 31, 2018, the Company has cash balances of \$463,093, and a working capital deficiency of \$580,285. During the three months ended January 31, 2018, the Company incurred a net loss of \$287,761 (2017 - \$128,822) and used cash in operations totaling \$186,679 (2017 - \$35,711).

During the three months ended January 31, 2018, there were several material improvements to the Company's financial position including \$918,297 in indebtedness owed to creditors being converted into common shares or forgiven and \$625,475 (net of finder's fees) being raised in a financing (note 8). These items, combined with the conversion of \$1,666,982 of indebtedness into common shares prior to year ended October 31, 2017 have improved the Company's working capital by over \$3.2 million.

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.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

4. Property, Equipment, and Software:

Cost	Computer Equipment	Furniture and Office Equipment	Purchased Computer Software	Total
Balance at November 1, 2016	\$ 509,688	\$ 191,510	\$ 307,689	\$ 1,008,887
Additions	-	-	-	-
Balance at October 31, 2017	509,688	191,510	307,689	1,008,887
Additions	-	-	-	-
Balance at January 31, 2018	\$ 509,688	\$ 191,510	\$ 307,689	\$ 1,008,887
Accumulated depreciation				
Balance at November 1, 2016	\$ (503,353)	\$ (189,341)	\$ (307,648)	\$ (1,000,342)
Depreciation charge for the year	(1,887)	(387)	(27)	(2,301)
Balance at October 31, 2017	(505,240)	(189,728)	(307,675)	(1,002,643)
Depreciation charge for the period	(334)	(89)	(2)	(424)
Balance at January 31, 2018	\$ (505,574)	\$ (189,817)	\$ (307,677)	\$ (1,003,068)
Carrying amount				
At October 31, 2017	\$ 4,448	\$ 1,782	\$ 14	\$ 6,244
At January 31, 2018	\$ 4,114	\$ 1,693	\$ 12	\$ 5,820

5. Trade Payables and Accrued Liabilities:

As at	January 31, 2018	October 31, 2017
Trade Payables	\$ 220,536	\$343,333
Employee salaries, commissions and benefits payable	644,340	868,583
Accrued interest	100,259	585,641
Other accrued liabilities and other payables	2,307	16,366
	\$ 967,442	\$1,813,923

Included in trade payables is \$2,577 (October 31, 2017 - \$2,577) owing to an Officer and Directors. All trade payables and accrued liabilities are currently due, and expected to be settled as funding allows.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

6. Loans Payable and Related Party Transactions:

a) Related Party Transactions:

As at January 31, 2018, the Company had \$92,642 (October 31, 2017 - \$229,593) 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, 2018 was \$100,259 (October 31, 2017 - \$585,641). During the period ended January 31, 2018, additional advances on these loans of \$16,425 (2017 - \$35,645) were made to the Company. Total interest expense of \$7,188 (2017 - \$46,724) on these loans was recognized.

On January 9, 2018, 6,000,000 options were granted to directors of at a price of \$0.06 per share with an expiry date of January 9, 2023. 50% of the options vested on issuance and 50% on January 9, 2019.

On January 29, 2018, the Company entered into debt settlement agreements with four creditors (including 1 director), pursuant to which the Company issued 8,514,568 common shares at a price of \$0.05 per share in satisfaction of \$425,728 of debt.

On January 29, 2018, the Company announced that that \$492,569 in interest payable has been forgiven by certain debt holders, including 3 directors. Of this amount, \$393,911 was recorded as contributed surplus (net of \$82,038 of tax) and the remaining \$16,620 as gain on settlement of debt.

b) Key Management Personnel Compensation

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

In addition to their salaries and director fees, as applicable, directors and executive officers, along with certain employees of the Company, also participate in the Company's stock option plan (note 8(d)). Compensation expenses incurred with respect to key management personnel were as follows:

	Three months ended January 31, 2018	Three months ended January 31, 2017
Salaries	\$ 24,000	\$ 24,000
Total Compensation	\$ 24,000	\$ 24,000

7. Deferred Revenue:

License fees received from the Company's eTriever product are recognized ratably over the term of the license fee. The deferred revenue balance as at January 31, 2018 represents eTriever license fees received but not yet recognized.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

8. Share Capital:

a) Authorized:

Unlimited preferred shares, series A and B, none of which were issued at January 31, 2018, and unlimited common shares.

b) Common shares issued:

Common Shares	Three months ended January 31, 2017		Year ended October 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning	146,265,784	\$ 10,540,948	112,926,137	\$ 10,374,250
Common share issued, net	21,964,568	1,024,792	33,339,647	166,698
Balance, ending	168,230,352	\$ 11,565,740	146,265,784	\$ 10,540,948

On January 29, 2018, the Company closed a financing for 13,450,000 units, at a price of \$0.05 per unit ("Unit"), for a gross proceeds of \$672,500. Each Unit consists of 1 common share and 1 common share purchase warrant, with an exercise price of \$0.10 for a period of two years. In addition, and in connection with this financing, the Company paid \$47,025 in finder's fees and 940,500 broker warrants were issued to eligible finders pursuant to the terms of the offering. The broker warrants are exercisable for two years, with an exercise price of \$0.05. The fair value of these warrants was estimated to be \$26,411, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.95%, expected life of 2 years and no dividend yield. As a result of the finder's fee and broker's warrants, \$73,437 were recorded as share issuance cost.

On January 29, 2018, the Company entered into debt settlement agreements with four creditors (including 1 director), pursuant to which the Company issued 8,514,568 common shares at a price of \$0.05 per Share in satisfaction of \$425,728 of debt.

On January 29, 2018, the Company announced that that \$492,569 in interest payable has been forgiven by certain debt holders, including 3 directors. Of this amount, \$393,911 was recorded as contributed surplus (net of \$82,038 of tax) and the remaining \$16,620 as gain on settlement of debt.

c) Stock option plan:

The Corporation has adopted an incentive stock option plan, which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange's requirements, grant to directors, officers, employees and technical consultants of the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Corporation. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
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On January 9, 2018, 6,000,000 options were granted to directors of at a price of \$0.06 per share with an expiry of January 9, 2023. In addition, 6,500,000 options were granted to consultants of at a price of \$0.06 per share with an expiry of January 9, 2023. 50% of these options vested on issuance and 50% on January 9, 2019. The fair value of these options was estimated to be \$505,445, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 2.01%, expected life of 5 years and no dividend yield. Of this amount, \$262,986 is recorded as share based compensation during the period ended January 31, 2018 and the remaining will be recorded to share based compensation as they are vested.

On January 26, 2018, 1,000,000 options, which vested immediately, were granted to a consultant at a price of \$0.055 per share with an expiry of January 26, 2021. The fair value of these options was estimated to be \$31,726, using the Black-Scholes pricing model based on a volatility of 90%, risk-free interest rate of 1.93%, expected life of 3 years and no dividend yield. This amount is recorded as share based compensation during the period ended January 31, 2018.

	Number of Options	Weighted Average Price
Balance – October 31, 2017	-	\$ -
Granted	13,500,000	0.06
Balance – January 31, 2018	13,500,000	\$ 0.06
Exercisable – January 31, 2018	7,250,000	\$ 0.06

	January 31, 2018
Weighted average remaining life	4.85 years
Range of exercise price	\$0.055 - \$0.06

d) Warrants

	Number of Warrants	Weighted Average Price
Balance – October 31, 2017	-	\$ -
Granted	14,390,500	0.10
Balance – January 31, 2018	14,390,500	\$ 0.10
Exercisable – January 31, 2018	14,390,500	\$ 0.10

e) Per share amounts:

The weighted average number of common shares outstanding during the three months ended January 31, 2018 was 146,982,020 (2017 – 112,926,137).

There was no dilutive effect of options and warrants for the period ended January 31, 2018 and 2017.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

9. Other Income:

For the three months ended January 31, 2018, the Company recorded gain on settlements of debt in the amount of \$42,406. Of this amount, \$16,620 was interest payable forgiven by debt holders (See note 8(b)). The remaining amount of \$25,786 was a gain as a result of an accounts payable settlement.

10. Capital Management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth to maximize the return to its shareholders. The capital structure of the Company consists of cash and shareholders' deficit. The Company does not have any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company makes adjustments to its capital structure in light of general economic conditions and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, buy back shares or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business.

11. Financial Instruments and Financial Risk Management:

i) Classification of financial instruments:

	Classification	Measurement
Cash	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

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 in active markets for identical financial assets and liabilities.

- The fair value of loans payable approximates their carrying value as they are payable on demand.
- The fair value of trade payables and accrued liabilities approximates their carrying value due to their short term to maturity.

Level 2 – Inputs to the valuations, other than quoted prices, are observable for the financial assets and liabilities, either directly or indirectly.

Labrador Technologies Inc.
Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

Level 3 – Inputs to the valuations are based on inputs that are not observable for the financial assets and obligations.

Recurring Measurements	January 31, 2018	Level 1	Level 2	Level 3
Financial Assets				
Cash	\$	463,093	\$ –	\$ –
Financial Liabilities				
Accounts payables and accrued liabilities	\$	967,442	\$ –	\$ –
Loans payable	\$	92,642	\$ –	\$ –

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.

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 continues to use cash in operations, 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, 2018, the Company had cash balances of \$463,093 and a working capital deficiency of \$580,285. The Company had financial liabilities of \$1,069,834 classified as current liabilities.

12. Commitments:

The Company leases its office premises under operating leases. Such leases run on a month to month basis. During the year, the Company recognized \$16,650 (2017 - \$15,535) as an expense in the statement of operations and comprehensive loss in respect of operating leases.

Labrador Technologies Inc.

Notes to Condensed Interim Financial Statements

Three months ended January 31, 2018 and 2017
(Unaudited)
(expressed in Canadian dollars)

13. Subsequent events:

On February 2, 2018, 1,000,000 options, which vested immediately, were granted to a consultant at a price of \$0.05 per share with an expiry of February 2, 2023.

On February 22, 2018, an additional 1,000,000 options, which vested immediately, were granted to a consultant at a price of \$0.05 per share with an expiry of February 22, 2021.

On March 2, 2018, an additional 250,000 options were granted to a consultant at a price of \$0.05 per share with an expiry of March 2, 2021. Half of these options are vested immediately with the other half vested at the first anniversary of the grant date.

On March 6, 2018, an additional 250,000 options were granted to a consultant at a price of \$0.05 per share with an expiry of March 6, 2021. Half of these options are vested immediately with the other half vested at the first anniversary of the grant date.

On March 23, 2018, an additional 820,000 options were granted to a consultant at a price of \$0.05 per share with an expiry of March 23, 2023. Half of these options are vested immediately with the other half vested at the first anniversary of the grant date.

Corporate Information

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

Head Office

Labrador Technologies Inc.
350 - 229 11th Avenue S.E.
Calgary, Alberta, Canada T2G 0Y1

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, Chief Executive Officer
Jeffrey Howe, Interim Chief Financial Officer

Auditors

KMPG LLP
Chartered Accountants
3100 - 205 5th Avenue S.W.
Calgary, Alberta, Canada T2P 4B9

Transfer Agent

Computershare Trust Company of Canada
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530 8th Avenue S.W.
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Solicitors

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Stock Exchange

The TSX Venture Exchange
Trading Symbol: LTX