Unaudited Condensed Interim Financial Statements of

LABRADOR TECHNOLOGIES INC.

Three months ended January 31, 2017 and 2016

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 preformed a review of thes condensed interim financial statements in accordance with standards established by the Canandian Instritue of Chartered Accountants for a review of condened interim financial satemetns by an entity's auditor.

LABRADOR TECHNOLOGIES INC.

Condensed Interim Statement of Financial Position

(Unaudited)
(expressed in Canadian dollars)

		January 31, 2017		October 31, 2016
ASSETS				
Current Assets				
Cash	**$**	**8,202**	$	8,268
Accounts Receivable		**-**		9,207
Prepaid Expenses		**223**		223
		8,425		17,698
Property, Equipment, and Software		**7,956**		8,545
Total Assets	**$**	**16,381**	$	26,243
Liabilities and Shareholders' Equity				
Current Liabilities				
Trade Payables and Accrued Liabilities	**$**	**1,653,956**	$	1,572,850
Loans Payable (note 6)		**1,566,084**		1,530,439
Deferred Revenue		**9,917**		7,708
Total Liabilities		**3,229,957**		3,110,997
Shareholders' Equity				
Common Shares (note 7)		**10,374,250**		10,374,250
Contributed Surplus		**1,603,632**		1,603,632
Deficit		**(15,191,458)**		(15,062,636)
		(3,213,576)		(3,084,754)
Total Liabilities and Shareholders' Deficit	**$**	**16,381**	$	26,243

Going concern (note 5)

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, 2017		**January 31, 2016**
Revenue				
License Fees	**$**	**4,020**	$	5,667
Expenses				
General & Administrative		**55,830**		63,193
Development & Related		**13,248**		75,503
Marketing & Sales		**16,350**		17,250
		85,428		155,946
Operating Loss		**(81,408)**		**(150,279)**
Finance Costs		**47,414**		45,142
Loss before income and other taxes		**(128,822)**		(195,421)
Net Loss & Comprehensive Loss	**$**	**(128,822)**	$	(195,421)
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)

	Capital	Contributed Surplus	Deficit	Total
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)
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)**

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, 2017	Three Months Ended January 31, 2016
Cash flows used in operating activities		
Net Loss	**$ (128,822)**	$ (195,421)
Adjustments for:		
Depreciation	**589**	824
Finance costs	**47,414**	45,142
	(80,819)	(149,455)
Changes in non-cash working capital		
Accounts Receivable	**9,207**	10,227
Prepaid Expenses	**-**	3,000
Accounts Payable and Accrued Liabilities	**34,382**	51,006
Deferred Revenue	**2,209**	(3,667)
Cash used in operating activities	**(35,021)**	(88,889)
Interest paid	**(690)**	(675)
Net cash used in operating activities	**(35,711)**	(89,564)
Cash flows from financing activities		
Proceeds from loan advances	**35,645**	86,648
Net cash provided by financing activities	**35,645**	86,648
Decrease in cash	**(66)**	**(2,916)**
Cash, beginning of period	**8,268**	**9,746**
Cash, end of period	**$ 8,202**	$ 6,830

See accompanying notes to condensed interim financial statements

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 presentation:

a) Statement of compliance:

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and do not include as all information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2016.

The condensed interim financial statements were authorized for issue by the Board of Directors on March 31, 2017.

b) Basis of measurement:

The Company has follows the same basis for presentation, accounting policies and method of computation for these financial statements as discussed in the annual audited financial statements for the year ended October 31, 2016.

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

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

3. Significant accounting policies:

These condensed interim financial statements reflect the accounting policies applied by the Company in its financial statements for the year ended October 31, 2016.

a) IFRS 9 Financial Instruments ("IFRS 9")

The IASB issued IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, and which establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exemptions. The Corporation is in the process of assessing the impact of this standard on its financial statements

b) *IFRS 15 Revenue from Contracts with Customers ("IFRS 15")*

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgment thresholds have been introduced, which may affect the amount and/or time of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on November 1, 2018. The Corporation is not able at this time to estimate reasonably the impact that IFRS 15 will have on the financial statements.

c) *IFRS 16 Leases ("IFRS 16")*

On January 13, 2016, the IASB issued IFRS 16. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company is in the process of assessing the impact of this standard on its financial statements.

4. Critical accounting estimates and judgments:

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, 2016 audited financial statements.

5. 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, 2017.

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 $3.2 million as at January 31, 2017 (2016 - $2.7 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 $8,202, no long term debt and a working capital deficiency of $3,221,532. During the three months ended January 31, 2017, the Company incurred a net loss of $128,822 (2016 - $195,421) and used cash in operations totaling $35,711 (2016 – used $89,564).

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.

(expressed in Canadian dollars)

6. Loans Payable:

Related Party Transactions:

As at January 31, 2017 the Company had $1,566,084 (2016 - $1,189,374) 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. Included in accounts payable, total interest accrued and payable as at January 31, 2017 was $458,958 (2016 - $287,518). During the three months ended January 31, 2017 additional advances on these loans of $35,645 (2016 - $86,648) were made to the Company.

7. Share Capital:

a) Authorized:

Unlimited preferred shares, series A and B, none of which were issued at January 31, 2017, and unlimited common shares.

b) Common shares issued:

	Three months ended January 31, 2017		**Three months ended January 31, 2016**	
Common Shares	**Number of Shares**	**Amount**	**Number of Shares**	Amount
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, 2017.

d) Per share amounts:

The weighted average number of common shares outstanding during the three month period ended January 31, 2017 was 112,926,137 (2016 – 112,926,137).

There was no dilutive effect of options and warrants for the three months ended January 31, 2017 and 2016.

8. 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

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.

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

Recurring Measurements	**January 31, 2017**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash		$ 8,202	$ –	$ –
Financial Liabilities				
Accounts payables and accrued liabilities		$ 1,653,956	$ –	$ –
Loans payable		$ 1,566,084	$ –	$ –

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, 2017, 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.

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, 2017, the Company has cash balances of $8,202 and a working capital deficiency of $3,221,532. The Company has financial liabilities of $3,229,957 classified as current liabilities.

Corporate Information

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

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George A. Wilson*, Q.C., Toronto, Ontario
Jeffrey Howe*, Toronto, Ontario

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The TSX Venture Exchange
Trading Symbol: LTX