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Location Based Technologies, Inc. CEO Letter to Shareholders

IRVINE, Calif. February 16, 2017 Location Based Technologies® Inc. ([OTCBB:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

Our newly launched PocketFinder Plus personal tracking device is receiving lots of interest! The device offers an SOS Alert button along with a dynamic blend of three location technologies to deliver the most accurate 3G indoor/outdoor location device on the market. It is a major step forward for indoor and outdoor tracking applications and we are proud to work with Finnish based Yepzon Group to bring such a dynamic product to market.

Sales, to date, have focused solely on our existing customer base in order to replace the PocketFinder trackers that were impacted by AT&T's 2G network shutdown in mid-January, 2017. We express our deep appreciation to our first 500 customers who are helping us optimize the device's performance with real life feedback as we fine tune location intervals, sleep time controls, etc. This is a tedious but essential process for any new product introduction. Over the next few weeks performance will stabilize and then purr along as we all desire. Getting there demands patience and rapt attention to details!

Sales of the new PocketFinder Plus have only been available through our website as of late evening on Thursday, December 22nd 2016 and have outpaced our availability of inventory with 721 devices sold during the first 30 business days! Since our initial launch of PocketFinder devices through Apple's stores in the USA and Canada in October of 2012, personal tracker sales have represented the greatest percentage of device sales revenues as well as the largest source for monthly service revenues. We see this pattern swiftly restoring with the launch of PocketFinder Plus since largely halting our 2G device sales back in June of 2016. We look forward to fulfilling our back ordered customer demand within the next week, updating our apps and then quickly expanding our sales reach of PocketFinder Plus through the more than 90 affiliates who have signed up to act as resellers as inventory grows.

We encourage all of our shareholders to visit www.pocketfinder.com to see this new device and to learn more about its flexibility of application. Photos of the new Yepzon designed and built device display clearly its quality and clean lines while the information on our webpage acclaim the combined feature-rich capability of both the device and our easy-to-use User Interface! It is the most advanced, most reliable wearable tracking device that you can find. It operates on the world-wide 3G and 2G GSM networks while using the Department of Defense's GPS satellite system and the GLONASS satellite system for maximum outdoor location coverage and accuracy. By integrating Wi-Fi and Cellular ID tracking technologies the PocketFinder Plus reduces the number of "drift" GPS locates when a person is indoors. In short, you enjoy the best of both worlds for location dependability and reliability!

The device itself weighs only 1.7ozs and fits easily on a keychain, in your hand, pocket or on a neck lanyard. This device helps you achieve a measure of “peace of mind” when a child is at school or off with friends or when a senior member of the family is off on their own taking a walk, on public transportation, in a taxi or taking a community shuttle – you can know where they are at any time and be alerted if they go too far or if they send you an Alert for help!

Key features include the ability to:

- See current tracker location & history from your smartphone App or computer
- Send Alerts when the tracker enters or exits a zone or the SOS button is pressed
- Easily set up unlimited zones for home, neighborhood or favorite places to go
- Trigger “Track Mode” with as quick as 10 second locates
- Multiple users can log into one secure account with multiple devices displayed

As “America’s Greatest Generation” marches forward along the aging process this technology allows your family members to retain their independence and heighten their security for as long as possible while on their own. It is impossible to ignore data found on such sources as www.Alz.org that shows approximately 5.4 million Americans who have Alzheimer’s disease today. The national number is expected to nearly triple by 2050 based on the trend. Our customer base and consumer voices representing Alzheimer’s disease, Dementia, and safety for seniors and special needs children prone to “wander/elope” have largely communicated that their needs are met with the added features incorporated with our PocketFinder Plus device. Technology like this will help many families, both home and abroad, to connect and to stay connected with loved family members during the regular flow of life. We also are working on opportunities in areas such as sports applications and commercial employee tracking of mobile personnel.

We continue to nurture the commercial and consumer vehicle tracking markets and have effectively transitioned the majority of our customers who were using 2G based devices over to the newer 3G technology. It was well worth the effort our team made over the past 12 months to smooth and ease that transition and we thank our customers for their cooperation and ongoing patronage! We love to read the positive comments and strong rating of our vehicle trackers and we are grateful to help businesses and families benefit from the use of our trackers. We continue to work with a long-term relationship in Australia to bring the value of vehicle tracking and location information to this great marketplace. Once in place, the vehicle warranty market has the potential to significantly add to their, and our, sales strategy.

LBT will continue to concentrate its efforts on areas with the greatest growth potential. We expect to see greatest growth in the personal tracker market for seniors and children. We believe these markets are ready to adopt this newer technology that enhances safety, security and expands their freedom of movement now that the size is smaller and both indoor and outdoor tracking is more reliable.

Most important, we value our highly competent and resourceful team! We are grateful for every member’s personal contribution and their professional fulfillment of purpose. It is a privilege to work

with such hard working, highly skilled and dedicated people each day. We see great value in our people, our shareholders and in our customers and seek success by meeting the needs of each critical group!

We continue to seek financial stability and performance so that we can re-start filing. We strongly believe that this continues to be our most prudent strategy as it has minimized our need for ongoing capital as we continue to grow our business and become closer to becoming cash flow positive.

The gap between our operational costs and gross revenues is shrinking although the loss of many customers whose 2G network was terminated early has slowed that progress. Our new 3G device is helping us to fill that loss and will then push us forward. Achieving profitability remains our consistent focus. All efforts and attention will continue to concentrate on accelerating the incremental successes that will contribute to reaching profitability. We also continue to explore efforts to monetize the significant value in our Intellectual Property in order to augment our sales revenues in ways most advantageous to the company, its lenders and shareholders.

We appreciate your ongoing support and I look forward to providing future updates.

Sincerely,

David M. Morse, PhD

CEO

Consumer: www.pocketfinder.com

Commercial: www.locationbasedtech.com

Forward Looking Statements

This letter contains certain forward-looking statements of our intentions, hopes, beliefs, expectations, strategies, and predictions with respect to future activities or other future events or conditions within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are usually identified by the use of words such as “believe,” “will,” “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “should,” “could,” or similar expressions. These statements are only predictions and involve known and unknown risks, uncertainties and other factors. Actual results may materially differ from the results, levels of activity, performance or achievements, express or implied by these forward-looking statements.

Although we believe that the assumptions underlying the forward-looking statements contained in this report are reasonable, any of the assumptions could be inaccurate, and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. We will not update these statements unless the securities laws require us to do so. Accordingly, you should not rely on forward-looking statements because they are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those contemplated by the forward-looking statements.