

Investor Relations:

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Location Based Technologies, Inc. CEO Letter to Shareholders

IRVINE, Calif. November 16, 2016 Location Based Technologies® Inc. ([OTCBB:LBAS](#)) CEO, Dave Morse, has released a letter to shareholders.

Dear Fellow Shareholders,

We are in our 1st Quarter of FY 2017 and I cannot remember a time in history with more and varied economic challenges and potential market risks. We witnessed a totally unexpected vote by the U.K to leave the European Union, a dramatic drop in the pound Sterling, concern over economic growth in China, a very contentious presidential election in the U.S and the looming question of potentially rising rates here in the U.S. Gratefully, for our part, these looming issues have had little effect upon our focus and direction although we do recognize that they are a part of our working marketplace.

Our stock continues to trade at very low levels for valid reasons. The market pressures that caused our stock value to drop remain and will do so until the company achieves two essential milestones: 1) positive operational cash flow; and 2) generating sufficient operational revenues/capital to pay down our existing debt. Our focus to reach operational profitability has not changed and we remain grateful for those who have retained our stock - including all of our officers and directors who have retained all of their stock. Our daily efforts are focused on initiatives that will successfully generate a profit for the company.

So what progress has been made? Gross Profits/Loss: FY 2013 (\$1,679,440) FY 2014 +\$141,190
FY 2015 +\$794,898 FY 2016: \$857,728

Total Operating Expenses were reduced by \$958,814 from \$2,745,851 in FY 2015 to \$1,787,037 in FY2016, a 35% reduction, due to intense expense controls and technology improvements to enhance productivity.

Total Revenues decreased by \$360,386, an 18% reduction, from \$1,981,357 in FY 2015 to \$1,620,971 in FY 2016 due to the 2G network shut down by AT&T. We literally stopped sales of our 2G PocketFinder personal locator for half the year and have focused solely on 3G vehicle/fleet sales. Personal tracker sales represent the largest share of our device sales revenues as well as our monthly service revenues. We look forward to fulfilling pent up demand with our new 3G PocketFinder Plus device that we are preparing for launch next month.

Gross margins improved from 39% to 53%, year over year, primarily through cost elimination and controls in our infrastructure support areas.

Operations Overview:

LBT has partnered with Yepzon Group, the Finland based wearable technology innovation firm, to bring a top quality, feature-rich, personal wearable tracking device that will operate on the 3G GSM world-wide network. The device uses multiple location technologies: GPS, A-GPS, Cellular ID and Wi-Fi. That means that it not only uses the Department of Defense's GPS satellite system but also utilizes the GLONASS satellite system, cellular wireless network's tower triangulation capability, and Google's Wi-Fi Touch identification for in-door location accuracy. You will rarely be out of touch with this device!

Additionally, this wearable "Internet of Things" (IoT) device weighs in at 1.7ozs and fits easily on a keychain, into your hand, pocket or on a neck lanyard. Beyond aesthetics, and because it uses multiple technologies, this device provides accurate location and monitoring capability both indoors and out of doors earning high results for dependability and reliability! At our customers' request, it also comes with an SOS Alert button. This device will be the path for achieving "peace of mind" when a child or senior member of the family is out and about walking or who may often take public transit, use taxi or community shuttles, ride a motorized scooter, or rely on a family friend for rides – you can know where they are and be alerted if they go too far!

Key features include the ability to:

- See tracker location, speed, direction, heading & history on smartphone App
- Alerts sent when tracker enters or exits a zone, exceeds speed limit, or SOS button press
- Simple set up of unlimited zones for home, neighborhood or city
- Trigger "hyper track" mode with as quick as 10 second "Track Mode" locates
- Multiple users can log into one secure account with multiple devices displayed

Our initial targeted market at launch, December 2016, will be our existing customer base that have lost their ability to track in the United States due to AT&T's 2G network closure, followed by retailers and special application distributors in the USA and Canadian markets with the Senior market central to early use of our new device. According to Alz.org, 5.4 million Americans have Alzheimer's disease in 2016. 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 children prone to "wander/elope" have largely communicated that their needs are met with the added features incorporated with the PocketFinder Plus. This customer segment is a large part of our current excitement for bringing this product to market. We are also finding high volume opportunities in areas such as sports applications and commercial employee tracking applications.

We continue our nurturing of the commercial and consumer vehicle tracking markets with particular emphasis on transitioning our few remaining 2G devices over to the newer 3G technology. This effort has been going on for over 12 months and the finish line is only a month or two away! A new private-label US partner, with ties into the commercial fleets and auto dealer channels, has been slower to add to our growth than expected but is progressing. We remain optimistic that we will see measurable sales

contribution in this fiscal year from this partner. Similarly, our long-term relationship with a partner in Australia, FindA, has enlisted a robust sales partner with high volume presence in the vehicle warranty market that we expect to significantly add to their sales capacity.

LBT reevaluated its market relationships in Mexico this year and we have on-boarded two new distributors in country. Online sales continue with in-store sales occurring in Best Buy, JBL Audio and Linio. Best Buy will be featuring or highlighting both the PocketFinder personal and the vehicle tracking devices throughout the holiday sales season.

LBT plans to concentrate its efforts on areas with the greatest growth potential. We expect to see growth in the personal tracker market for seniors, children and pets with customers eager for a 3G solution. 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. Our team's primary focus will be on North America – including Canada, Mexico and the USA - in our sales efforts.

On the International front, LBT will partner with selected high quality companies looking to bring GPS tracking capabilities into the Asian, European and other markets with the benefit of using our easy-to-use yet feature rich platform. We are in discussion with, or have signed, with a few stand-alone partners in areas showing high interest and need for our total tracking solution.

Most important, we have a highly competent and resourceful team! Together we have survived through difficult financial times and multiple market challenges and we are grateful for every member's personal contribution and fulfillment of purpose. It is a privilege to work with such hard working, highly skilled and dedicated people every 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!

Our initial products were leading-edge solutions early in the IoT/M2M space and we are seeing tremendous positive change both in the technology itself and in the acceptance of the use of tracking technology by companies (to enhance safety, delight customers, and save money) and within families. We are all becoming more aware of the need to always be connected and aware of where we are as we navigate the mobile society we are a part of. LBT delivers high value solutions for these driving needs.

We have not lost sight of our need to re-start filing once we are fiscally sound and profitable. 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 being 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 will fill that void and push us forward. Achieving profitability will remain our primary focus. All efforts and attention will continue to concentrate on accelerating the incremental successes that will build momentum in reaching profitability. We also continue to explore multiple efforts to monetize our Intellectual Property in order to augment our sales revenues in ways most advantageous to the company, its lenders and shareholders. These efforts will never stop.

We appreciate your ongoing support and I look forward to providing another update soon.

Sincerely,

David M. Morse, PhD
CEO

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.