

## **iLOOKABOUT Corp.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations for the year from January 1, 2008 to December 31, 2008 (the "Period")**

*The information set forth below has been prepared as at April 15, 2009, and is derived from, and should be read in conjunction with, iLOOKABOUT Corp.'s ("iLOOKABOUT", or the "Company") audited consolidated financial statements for the year ended December 31, 2008, including the accompanying notes, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). This Management Discussion and Analysis ("MD&A") is intended to assist in understanding the dynamics of the Company's business and key factors underlying its financial results. The Company's Annual Information Form ("AIF") can also be found on SEDAR.*

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies are outlined in Note 2 to the financial statements. These accounting policies have been applied consistently for the period unless otherwise specifically noted in the notes to the financial statements.

The consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT (US) Inc. and iLOOKABOUT Global Inc. All financial results and account balances referred to herein are consolidated, unless otherwise stated.

All dollar figures referred to herein are Canadian dollars unless otherwise stated.

#### **Forward-Looking Statements**

This MD&A contains certain forward-looking statements within the meaning of applicable securities laws and regulations, related to, amongst other things, expected future events and anticipated financial and operating results of the Company. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Forward-looking statements are based on Management's expectations as at the date of this MD&A and are subject to various known and unknown risks and uncertainties that may cause the Company's actual results in future periods to differ materially from those expressed or implied in this MD&A. While Management considers the assumptions upon which such forward-looking statements are based to be reasonable and appropriate in light of the current information available to it, there is risk that such assumptions may not be correct or complete.

Certain factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this MD&A include, but are not limited to, risks associated with general economic conditions, risks associated with the Company's stage of development, operational risks (such as risks involved in developing new products and services, product performance warranties, risks associated with doing business with partners, risks from regulatory and legal proceedings, risks relating to the Company's dependence on certain customers, and human resource risks), financing risks (such as risks relating to liquidity and access to capital markets or debt financing) and market risks (including foreign currency fluctuations and changing interest rates). Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Additional information about some of these risk factors can be found in the Company's Annual Information Form which is incorporated herein by reference and can be found at [www.sedar.com](http://www.sedar.com).

Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **Qualifying Transaction**

On February 21, 2008, Berkeley Capital Corp 1 ("*Berkeley*"), a capital pool company, entered into a business combination agreement with iLOOKABOUT Holdings Inc. ("*ILAH*") pursuant to which Berkeley would effect its Qualifying Transaction ("*QT*") by way of an amalgamation with ILAH. Pursuant to an amalgamation agreement dated March 31, 2008, Berkeley and ILAH amalgamated to form iLOOKABOUT Corp. effective April 1, 2008. On April 4, 2008, the transaction received final approval from the TSX Venture Exchange ("*TSXV*"). The Company is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario, and is listed on the TSXV under the symbol "ILA". iLOOKABOUT's registered office is located at 383 Richmond Street, Suite 408, London, Ontario, N6A 3C4.

Upon the amalgamation, all of the outstanding securities of Berkeley and ILAH were cancelled and exchanged for securities of iLOOKABOUT. Each common share or warrant or option to purchase a common share of Berkeley was exchanged for 0.2083 iLOOKABOUT common shares or warrants or options to purchase iLOOKABOUT common shares, as applicable, and each common share or warrant or option to purchase a common share of ILAH was exchanged for one common share, warrant or option of the Company, as applicable.

## **Company Background**

iLOOKABOUT is a visual knowledge company, with its primary focus being to provide street-level, geo-spatial imaging. iLOOKABOUT uses proprietary hardware and software systems to capture, process and geo-code street-level image data from a moving vehicle. Each high resolution image is captured with a digital camera and geo-coded using public GPS and proprietary technologies to record location specific and other data. iLOOKABOUT collects data from public streets in its targeted geographic areas, creating a database of images and associated metadata (data about data, or content items). The iLOOKABOUT StreetScape ("*StreetScape*") image database is compatible with all major mapping applications (Google, Yahoo, MSN, ESRI, Intergraph, Bentley, etc.) and is accessible through iLOOKABOUT's secure web service. iLOOKABOUT intends to continue to build its image database for major population centres in North America and Europe and to license its image data to governments and related agencies, including emergency services, and businesses in a variety of industries, such as real estate, utilities, property assessment, insurance and financial institutions. Since launching the iLOOKABOUT StreetScape product in October 2007, the Company has secured several agreements with real estate and utilities customers, as well as municipal governments.

iLOOKABOUT also provides Virtual Tour products which it will continue to offer, support and enhance. However, iLOOKABOUT's principal focus will be to provide access to its StreetScape image database.

## **Current Overview**

### ***2008 Initiatives and Actions Undertaken***

In February 2008, ILAH completed a private placement for gross proceeds of \$5,254,000. Share issue costs, including the fair value of warrants issued to agents, totaled \$917,514. These funds have been and will continue to be used to fund the Company's key objectives of enhancing its infrastructure and applications development for the iLOOKABOUT StreetScape product, expanding its sales and marketing capabilities and capturing image data in designated market areas in support of customer contracts.

However, in light of the current adverse economic environment, Management has significantly altered its approach and slowed the pace that the Company will pursue to achieve its objectives. The current economic situation is particularly challenging to the Company given that it is in the very early stages of the commercialization of its principal product, iLOOKABOUT StreetScape. While the StreetScape product is generally very well received by potential customers, the sales cycle from the initiation of the sales contact to close is longer than was initially anticipated by Management. The combination of an adverse economy and a longer than expected sales cycle has negatively impacted the Company's cash resources. In response, Management has developed and is executing aggressive cost containment plans, which are discussed further in the "Current Challenges" section below. The primary areas of cost reduction to date have been in the areas of sales and marketing human resource and related costs, and reduced data capture. These reductions have restricted the Company's ability to pursue its strategic objectives in the manner, and at the pace, that was expected early in 2008. Despite this, a number of significant achievements were made by the Company during that year.

Milestones reached in fiscal 2008 in relation to infrastructure and applications development for the iLOOKABOUT StreetScape product include the following.

- A new viewer was released in the third quarter of 2008 which addresses the needs of those vertical markets that require aspects of the StreetScape image in a higher field of view and improved print functionality. These changes enable StreetScape data to be more versatile and enhance its utilization by customers.
- Re-engineering of the Company's legacy photo upload application, DropZone™, was completed and successfully launched in early October 2008. DropZone™ was re-engineered from an OCX control to a Flash-based application, which enhances the ease of implementation for customers.
- In the third quarter of 2008, significant advancement in the Company's quality assurance process and supporting applications were made resulting in cost savings in this area. These advancements enabled the Company to commence outsourcing of the first stage of its quality assurance program in the fourth quarter.
- Advancements continued to be made in 2008 to the Company's proprietary technology to improve its data capture activities and increase the scalability of its operations for both data capture and post-production processes.
- The beta version of the revised vehicle platform, to be released as Version 2.0, has shown even greater accuracy than the current commercial version in post-production, and serves to further address the market's need for accuracy of the geo-coding of images. Version 2.0 is expected to be ready for release prior to the Spring 2009 data capture season.
- Version 2.0 of the GeoCorrector application was developed and implemented by the Company during the second and third quarters of 2008, resulting in even greater accuracy of the geo-coding of images.
- Some clients expressed a need for a forward-facing perspective. In 2008, the Company responded by adding forward facing cameras to vehicles in test areas and successfully incorporated these images into the existing product.

Milestones which have been met in the area of expanding the Company's sales and marketing capabilities include the following.

- In September 2008, the Honourable Ernie Eves, Q.C., former Premier of Ontario, was appointed as a consultant and advisor to the Company and its Board of Directors. Mr. Eves will assist Management with business development and government relations, including the processes surrounding government contract negotiations.
- The development of a fully integrated sales program targeted at the Company's key vertical markets was completed in the third quarter of 2008.
- The Company commenced the establishment of a US sales team but, as part of the Company's cost containment plans, its US sales presence has been significantly reduced. While a long term objective of the Company continues to be growth in the US market, in the near term, its sales efforts will be focused primarily in Canada where a critical mass of data has already been obtained. By reselling data that has already been captured, the Company anticipates leveraging its existing data assets to help build its cash resources.
- In 2008, new sales agreements and pilot projects were entered into in Canada, the US and the United Kingdom in targeted geographic centres and vertical markets, including:
  - Data licensing agreement with Ontario Realty Corporation ("*ORC*"), through Teranet Enterprises Inc. ("*Teranet*"), to provide visual data for *ORC* properties located throughout Ontario. This agreement is part of a five-year Master Services Agreement between iLOOKABOUT and Teranet, and includes the use of visual data, viewers and software required to use the StreetScape image database.
  - A multi-year services agreement with the City of Hamilton to provide a complete visual data set of StreetScape images of all property parcels and 3,200 centre line road kilometers within City boundaries. As part of this agreement, iLOOKABOUT has been granted access to City staff for joint research and development programs.
  - A trial services agreement with Westminster City Council to provide a combination of StreetScape and Virtual Tour photography for the Borough of Westminster, London, in the United Kingdom.
  - A pilot project was completed for the City of Coquitlam, British Columbia, resulting in a multi-year services agreement entered into in early 2009. iLOOKABOUT will include forward facing views of streets in its image data to be delivered under this agreement.
  - Late in 2008, the Company began negotiations to provide all Ontario Real Estate Boards, representing more than 46,000 end users, with access to StreetScape imagery through Teranet's Geowarehouse product. These agreements were finalized and service delivery commenced in February 2009.
- With data collection efforts and technology gains made in the first half of 2008, market feedback indicates that the Company's data coverage is adequate to begin pursuing partnerships with organizations that have regional and national service footprints. Strategic benefit of channel partners will be assessed based on the value of incorporation of iLOOKABOUT StreetScape at the product development level, delivery platform extension, and opportunity for reselling of complementary datasets. Identification and relationship development with potential national

channel partners in each target vertical, considered strategic in nature, commenced in the second quarter of 2008. In the third quarter, identification, evaluation and relationship development with potential national channel partners continued.

With respect to the capture of image data in designated market areas in support of customer contracts, the following advancements were achieved in fiscal 2008.

- Throughout 2008, scalability improvements were identified and implemented in both the Company's operations and business processes, which will be critical to furthering its partnership opportunities.
- Beta versions of a number of new or improved software applications were completed in 2008, with testing and implementation to occur in 2009. These advancements will improve the efficiency and accuracy of the Company's logistics of data capture and post-production image processing, including quality assurance.
- Data collection operations in Canada, the US and Europe, were on or ahead of the Company's revised schedule for 2008. Data capture reached peak levels in the third quarter, but declined in the fourth quarter of 2008 due, in part to seasonality which impacts Canada, the northern US and the United Kingdom and in part as a result of the Company's cost containment initiatives that were initiated in the third quarter. Future speculative data capture will be scaled back from the Company's original operational plans for 2009, given Management's decision to conserve cash resources pending increases in sales revenue or additional financing, as discussed below in "Current Challenges".
- By the end of September 2008, StreetScape data capture in Ontario had reached "critical mass" and is approaching "critical mass" for Canada, with two of the three largest urban markets in Canada completed. In Ontario, data capture has been focused on both urban centres and major communities representative of Teranet's customer base in order for the Company to leverage its reselling agreement with Teranet.

### ***Current Challenges***

The Company's three year strategic plan and 2009 annual business plan are not fully funded with its existing cash resources. Additional funds will have to be generated through new sales and/or additional financing to implement the Company's strategic and business plans. The current economic downturn is having a negative impact on the Company's ability to secure new sales agreements given the current budget and financial constraints facing many of its targeted customers. In addition, although the Company's StreetScape product appears to continue to be well received, the sales cycle from the initiation of the sales contact to close is longer than expected, which has a negative impact on the Company's ability to generate needed new cash resources on a timely basis.

Management has identified the need to aggressively conserve the Company's cash resources given the current economic downturn and longer than expected sales cycle. This need is balanced with the Company's need to continue to pursue its attainment of key objectives. Immediate and near term cost containment plans have been developed and are being executed. Management is prepared to undertake further measures in the medium to longer term to conserve cash resources, if determined necessary.

To date, the most significant reduction in planned spending is in the area of speculative data capture, which has been significantly reduced since the end of September 2008. As the Company has already captured images for what it considers "critical mass" for Ontario, and is approaching "critical mass" for

Canada, Management intends to leverage this asset by selling and reselling this data in local markets. If and when additional sales and/or financing is obtained, the rate of data capture will be scaled back up as appropriate.

In early April 2008, funds related to a private placement completed in February 2008 were released from escrow to the Company. The net proceeds of this private placement was \$4,674,072. As discussed above, given the current economic environment and longer than expected sales cycle, Management believes it is prudent at this time to curtail planned spending on data capture costs without a definitive customer to license the data, which include direct and indirect costs to capture and process image data, and capital expenditures required to support this data. Management will continue to assess the appropriateness of this course of action and will resume planned levels of data capture when it deems such action to be appropriate and feasible. The table below presents the planned compared to actual use of funds generated from the private placement to December 31, 2008.

	Planned Use of Proceeds		Actual Use of Proceeds	
Data capture	\$	2,477,000	\$	1,222,000
Sales, marketing and general administration		1,309,000		1,075,000
Information technology infrastructure		608,000		460,000
Research and development		280,000		349,000
	\$	4,674,000	\$	3,106,000

Management continues to pursue financing options available to the Company including, but not limited to, a private placement and government funding.

### ***Outlook***

As discussed in the “Current Challenges” section above, Management expects that the current economic downturn and longer than expected sales cycle will continue to strain the Company’s cash resources for the near and medium term. Management will continue to execute its cost containment plans and seek ways to increase cash inflows through a combination of sales growth, government assistance programs and/or equity financing.

The iLOOKABOUT StreetScape product will continue to be the focus of the Company’s research, operations and sales efforts in the near and medium term. It was the Company’s primary revenue source in 2008 and is expected to continue to increase as a percentage of revenue in 2009. Key aspects of the iLOOKABOUT StreetScape revenue model which differ significantly from its historic Virtual Tour revenue model are as follows:

- Licenses are expected to be non-exclusive, which means the data can be re-licensed to multiple parties at minimal incremental cost to the Company;
- Licenses are expected to be multi-year agreements, thus providing a stable revenue stream to the Company over time; and
- There is an opportunity to develop further applications and customizations for customers to add additional value to the licensed data.

To assist in forecasting future financial resources, the Company monitors revenue backlog, a non-GAAP financial measure. As at December 31, 2008, the Company had a revenue backlog of approximately \$1,557,000, representing an 8% increase over the third quarter revenue backlog of \$1,446,000. Of this increase however, 12% was the result of changes to foreign exchange rates. As at April 15, 2009, the revenue backlog had increased to approximately \$6,862,000, a 340% increase over December 31, 2008. The Company defines “revenue backlog” as the estimated revenue attributable to the uncompleted portion of signed sales agreements for which future collection is probable, selling price is fixed and determinable, and there is no reason to believe that the Company will be unable to deliver the contracted service. The revenue backlog disclosed herein does not include any revenue expected to arise from sales agreements where the client has no commitment to draw upon services from the Company. To the extent revenue derived from these sales agreements is recognized in future periods for financial reporting purposes, such recognized revenue amount is then deducted from the revenue backlog figure. The revenue backlog does not include that portion of revenue associated with sales agreements extending beyond five years, and accordingly, revenue backlog is adjusted at the end of each quarter to include only revenues that then fall within the five year limit with the passage of time. Revenue backlog is a non-GAAP financial measure and therefore does not have a standardized meaning as defined by GAAP and may not be consistent with the definition assigned to this measure by other reporting issuers. Revenue backlog is based on Management’s current expectations and entails various risks, uncertainties and assumptions which, if not correct, could cause or contribute to actual results that are materially different than those expressed or implied.

Primary expenditures in fiscal 2008 were as follows:

- Human resource related costs;
- Data capture costs, such as vehicle lease and rentals, automobile insurance, temporary driver labour, fuel and indirect overhead costs, which costs will increase and decrease by seasonality, sales agreement requirements and the Company’s liquidity constraints;
- Data storage and back-up costs, which are driven by the rate of expansion of the image data library;
- Data hosting and delivery costs, which are driven by sales agreement requirements;
- Data processing and management costs, composed primarily of direct labour, which are driven upward by the rate of data capture and downward by continued increase in automation of these functions;
- Administrative infrastructure development;
- Information technology infrastructure development; and
- Governance, internal control, professional services, insurance and regulatory compliance costs.

Given that establishment of administrative and technology related infrastructure is largely complete, Management’s cost containment plans are being implemented, and the Company has achieved critical mass of image data capture for Ontario in fiscal 2008, the Company expects that operating costs as a percentage of revenue will decrease in fiscal 2009. Capital expenditures are also anticipated to be significantly less in 2009 than were required in 2008 to establish the infrastructure necessary to commercialize StreetScape.

Certain revenue and expenditures of the Company are denominated in US Dollars, which exposes the Company to fluctuations in foreign exchange rates. To date, the nature of the Company's operations have provided a natural hedge (i.e. US Dollar denominated inflows have approximately matched US Dollar denominated outflows) which Management considers to be sufficient to mitigate exchange rate risk based on the Company's current risk tolerance. The nature, extent and timing of foreign currency denominated cash flows are regularly monitored to identify changes in exposure and to assess the need for active management of this exposure (i.e. the use of foreign exchange contracts).

## **Analysis of Selected Financial Information**

Upon the amalgamation of ILAH and Berkeley, the shareholders of ILAH assumed control of the Company. Consequently, the transaction was accounted for as a reverse takeover, with ILAH as the acquirer. As a capital pool company, Berkeley did not constitute a business and the transaction was accounted for as a capital transaction.

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's consolidated financial statements for the year ended December 31, 2008, including the accompanying notes, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The financial statements have been prepared in accordance with Canadian GAAP. The significant accounting policies are outlined in Note 2 to the financial statements. These accounting policies have been applied consistently for the Period unless otherwise specifically noted in the notes to the financial statements.

## **Selected Annual Information**

In late 2005, iLOOKABOUT's strategic planning identified an opportunity in the emerging geo-spatial imaging market for a commercial application that associates a database of real world imagery with geographic mapping references. Building upon the technology developed for its virtual tour products and the industry experience and customer relationships gained over the first five years of its business, iLOOKABOUT began development in late 2005 on a system for capturing and geo-coding (latitude and longitude coordinates and other location specific data) street level images, which later became the StreetScape product.

In 2006 the Company was in the early research and development phase with respect to StreetScape, and its primary operational focus was providing its existing virtual tour services. Operating revenue in 2006 was therefore almost entirely related to the delivery of virtual tour services. Operating expenditures in 2006 related to delivery of the virtual tour services and early research and development of StreetScape.

Years ended December 31	Audited		
	2008	2007	2006
Revenue	\$ 818,877	\$ 486,833	\$ 336,470
Loss from operations before interest and other income and foreign exchange gain (loss)	(4,174,817)	(1,613,426)	(151,115)
Loss for the year	(4,102,963)	(1,622,729)	(137,774)
Loss per share (basic and diluted)	(0.13)	(0.07)	(0.01)
Total assets	2,787,290	1,730,698	483,478
Total liabilities	523,596	347,300	42,671

As the Company's development of StreetScape and planning for its commercialization continued in 2007, several private placements were completed to raise funds to support the Company's strategic plan. Gross proceeds of these private placements totaled \$2,449,545. The proceeds of these private placements were utilized to fund general working capital requirements, the commencement of image data capture, and capital expenditures for data capture equipment, storage and back-up systems.

iLOOKABOUT entered into its first customer contract for iLOOKABOUT StreetScape dated as of October 1, 2007 and continued to deliver virtual tour services in 2007. The increases in revenue from 2006 to 2007 and from 2007 to 2008 were almost entirely related to the addition of StreetScape licensing revenue.

In 2007, iLOOKABOUT began the pursuit of a business combination with Berkeley in order to become a publicly traded company on the TSXV. In conjunction with this, the Company was required to complete a private placement for gross proceeds of between \$5,000,000 and \$7,000,000. In February 2008 the private placement was completed for gross proceeds of \$5,254,000 and on April 1, 2008 ILAH amalgamated with Berkeley to form iLOOKABOUT Corp.

The changes reflected in "Selected Financial Information" presented above are almost entirely driven by the evolution of iLOOKABOUT's StreetScape product to commercialization and the associated financings obtained to fund this evolution.

### **Quarterly Results Summary**

Fourth quarter results of fiscal 2008 are discussed below within the sections "Revenue and Expense Analysis" and "Assets, Liabilities and Share Capital Analysis".

	Unaudited				Audited
	Three months ended				Year ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
<b>Fiscal 2008</b>					
Revenue	\$ 180,703	\$ 185,730	\$ 213,233	\$ 239,211	\$ 818,877
Loss from operations before interest and other income and foreign exchange gain (loss)	(487,323)	(1,130,297)	(1,530,131)	(1,027,066)	(4,174,817)
Loss for the period	(474,493)	(1,123,118)	(1,513,664)	(991,688)	(4,102,963)
Loss per share (basic and diluted)	(0.02)	(0.03)	(0.04)	(0.03)	(0.13)
<b>Fiscal 2007</b>					
Revenue	\$ 81,290	\$ 147,553	\$ 92,862	\$ 165,129	\$ 486,834
Loss from operations before interest and other income and foreign exchange gain (loss)	(44,962)	(270,462)	(663,254)	(634,748)	(1,613,426)
Loss for the period	(44,962)	(280,306)	(670,525)	(626,936)	(1,622,729)
Loss per share (basic and diluted)	(0.003)	(0.01)	(0.03)	(0.02)	(0.07)

## Cumulative Quarterly Results Summary

	<b>Unaudited</b>			<b>Audited</b>
	Three Months	Six Months	Nine Months	Year
	Ended Mar 31	Ended June 30	Ended Sept 30	Ended Dec 31
<b>Fiscal 2008</b>				
Revenue	\$ 180,703	\$ 366,433	\$ 579,666	\$ 818,877
Loss from operations before interest and other income and foreign exchange gain (loss)	(487,323)	(1,617,620)	(3,147,751)	(4,174,817)
Loss for the period	(474,493)	(1,597,611)	(3,111,275)	(4,102,963)
Loss per share (basic and diluted)	(0.018)	(0.053)	(0.099)	(0.127)
<b>Fiscal 2007</b>				
Revenue	\$ 81,290	\$ 228,843	\$ 321,705	\$ 486,834
Loss from operations before interest and other income and foreign exchange gain (loss)	(44,962)	(315,424)	(978,678)	(1,613,426)
Loss for the period	(44,962)	(325,268)	(995,793)	(1,622,729)
Loss per share (basic and diluted)	(0.003)	(0.016)	(0.046)	(0.072)

## Revenue and Operating Expense Analysis

	<b>Unaudited</b>		<b>Audited</b>	
	Three months ended	Three months ended	Year ended	Year ended
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008	Dec 31, 2007
<b>Total Revenue</b>	<b>\$ 239,210</b>	<b>\$ 165,130</b>	<b>\$ 818,877</b>	<b>\$ 486,834</b>
Research, technology & operations	538,868	178,058	1,976,601	821,757
Selling, general & administration	634,608	468,929	2,501,707	1,000,328
Amortization of equipment	64,474	41,820	254,464	100,489
Amortization of intangible assets	19,625	3,010	35,146	8,387
Stock based compensation	8,701	108,064	225,776	169,299
<b>Total Operating Expenses</b>	<b>\$ 1,266,276</b>	<b>\$ 799,881</b>	<b>\$ 4,993,694</b>	<b>\$ 2,100,260</b>
<b>Other income (loss)</b>	<b>35,378</b>	<b>7,812</b>	<b>71,854</b>	<b>(9,303)</b>
<b>Net loss</b>	<b>\$ (991,688)</b>	<b>\$ (626,939)</b>	<b>\$ (4,102,963)</b>	<b>\$ (1,622,729)</b>
<b>Loss per share (basic and diluted)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>	<b>\$ (0.13)</b>	<b>\$ (0.07)</b>

## ***Revenue***

Prior to fiscal 2008, sales of the Company's Virtual Tour products were the primary revenue source for iLOOKABOUT, and generated a relatively stable revenue stream. While the Company will continue to promote and support its Virtual Tour products, continued development, promotion and support of the StreetScape product will be the Company's primary focus and is anticipated to be its primary revenue generator in the future.

Revenue increased 45% to \$239,210 for the three months ended December 31, 2008, as compared to the same period in fiscal 2007. For the year ended December 31, 2008, revenue increased 68% to \$818,877 as compared to the prior year. These increases are attributable to the growth in StreetScape revenue. In fiscal 2008, StreetScape revenue increased to approximately 76% of total revenue, as compared to approximately 31% for 2007. In 2008, StreetScape revenue was derived primarily from customers in the real estate industry, utilities and municipalities.

The Company entered into its first commercial agreement in relation to StreetScape effective October 1, 2007.

In December 2007, iLOOKABOUT entered into a reseller agreement with Teranet. Teranet is the exclusive provider of access to Ontario's electronic land registration system and provides products and services, such as property information, transaction management, collateral risk management, geospatial information and workflow software, to real estate and other markets. Teranet has agreed to provide access to iLOOKABOUT StreetScape images as an additional product offering to its existing customers when they renew their licenses with Teranet, as well as to new customers. The first significant Teranet customer license amendment to add iLOOKABOUT StreetScape web service was executed in July 2008. As Teranet customer license renewals occur and as iLOOKABOUT StreetScape images are incorporated in other Teranet applications, revenue derived from the reseller agreement with Teranet is expected to increase. Commencing February 1, 2009 iLOOKABOUT StreetScape data became available through Teranet's GeoWarehouse online service to all of the Real Estate Boards in Ontario, including the Toronto Real Estate Board, representing more than 46,000 Realtors that serve all regions of the Province.

## ***Research, technology and operations expense***

Research, technology and operations expense increased from \$178,058 to \$538,868 for the three months ended December 31, 2008 as compared to the same period in the prior year, and from \$821,757 to \$1,976,601 for the year ended December 31, 2008 as compared to the prior year. These costs are primarily composed of direct data capture costs, such as driver labour, vehicle rental, fuel, and labour costs associated with research, technology and operations staff.

In the first two quarters of fiscal 2007, expenses recorded as research, technology and operations were composed primarily of labour costs and testing related to the data capture process. In the third quarter of fiscal 2007 StreetScape data capture of specific geographic areas commenced and continued through the fourth quarter. The associated direct data capture costs were recorded as research, technology and operations.

Due to the seasonal impact on data capture in Canada and northern regions of the United States, minimal data capture occurred in the first quarter of 2008. Early in the second quarter of fiscal 2008, the Company began executing its plans to accelerate data capture, further build its information technology infrastructure, and continue its development and enhancement of the StreetScape product. The commencement of the execution of these plans resulted in the significant increase in research, technology and operations expense in fiscal 2008 as compared to fiscal 2007. Data capture in fiscal 2008 was

focused on the geographic regions of Ontario; Calgary, Alberta; Vancouver, British Columbia; Detroit, Michigan; and London, United Kingdom.

Research, technology and operations expense was \$202,336 for the three months ended March 31, 2008; \$518,124 for the three months ended June 30, 2008; \$717,272 for the three months ended September 30, 2008; and \$538,868 for the three months ended December 31, 2008. The fourth quarter decrease is attributable primarily to the seasonal impact of data capture and the initiation of Management's cost containment plans.

Investment tax credits are earned by the Company in relation to its scientific research and experimental development ("SR&ED") expenses. SR&ED tax credits claimed up to March 31, 2008 have been recorded as an offset to the expenditures to which they relate, and therefore have the effect of reducing research, technology and operations expense. On April 1, 2008, the Company ceased to be a Canadian controlled private corporation (a "CCPC") for tax purposes as a result of the amalgamation of Berkeley and ILAH, and is therefore no longer eligible for cash refunds with respect to federally eligible SR&ED expenditures. Beginning April 1, 2008, the Company's SR&ED tax credits earned federally may only be used to offset future federal tax liabilities. Until such point in time that it becomes more likely than not that these future tax assets can be utilized by the Company, they will not be recorded as an asset on iLOOKABOUT's financial statements. Provincial investment tax credits in relation to SR&ED will continue to result in a cash refund to the Company.

In fiscal 2007, research, technology and operations expense was reduced by \$321,760 to reflect SR&ED credits earned during that period, compared to no reduction in 2008. No reduction was recorded in 2008 based on the change in tax status discussed above and Management's assessment of the more likely than not criterion with respect to realization of the benefit of future tax assets.

As at December 31, 2008, the Company had approximately \$4,900,000 non-capital losses for tax purposes that expire between 2009 and 2028. At this time, it also had undeducted federal and provincial SR&ED expenditures of approximately \$1,570,000 and \$2,684,000, respectively. These expenditures do not expire. In addition, the Company has unused investment tax credits of approximately \$164,000.

### ***Selling, general and administration expense***

This category of expense is composed primarily of human resource costs, expenditures associated with the Company's sales and marketing program, professional and regulatory fees, and facilities and communication costs.

iLOOKABOUT's selling, general and administration expense increased from \$468,929 to \$634,609 for the three months ended December 31, 2007 and 2008, respectively; and from \$1,000,328 to \$2,501,707 for the years ended December 31, 2007 and 2008, respectively. This increase is attributable to human resource related costs associated with the recruitment and retention of additional staff and contractors to assist in developing the administrative infrastructure and sales and marketing team required to support the Company's evolution from the research and development to commercialization stage. In addition, the costs required to support the sales and marketing team's objectives such as travel, promotion and tradeshow, also increased markedly in 2008 compared to fiscal 2007. The professional and regulatory fees incurred by the Company have risen significantly due to the increased reporting and governance requirements associated with the transition from being a private company to a reporting issuer.

Selling, general and administration expense was \$368,655 for the three months ended March 31, 2008; \$708,902 for the three months ended June 30, 2008; \$789,542 for the three months ended September 30, 2008; and \$634,608 for the three months ended December 31, 2008.

The 92% increase in selling, general and administration expense from the first to the second quarter of 2008 reflects the timing of the release of the private placement financing funds from escrow in April 2008 and the execution of Management's plan to build and deploy a sales and marketing team and further develop the Company's administrative infrastructure. In the third quarter of 2008, selling, general and administration expense increased 11% over the second quarter, representing a less dramatic increase as compared to the increase experienced from the first to second quarters of 2008. The majority of initial costs to build and deploy a sales and marketing team were incurred in the second quarter, whereas sales and marketing related costs incurred in the third quarter were primarily to sustain the newly deployed sales and marketing team. In the fourth quarter of 2008, selling, general and administration costs were reduced as a result of Management's cost containment plans.

#### ***Amortization of equipment and intangible assets***

Equipment additions were \$10,344 in the fourth quarter of 2008, compared to \$135,044 for the same period in 2007; and were \$425,404 for the year ended December 31, 2008 compared to \$479,553 for the prior year. Of the fiscal 2008 additions, \$362,775 occurred in the second and third quarters following receipt of funds in April from the February 2008 financing. In fiscal 2007, 59% of the equipment additions for the year were incurred in the third quarter. The increased equipment additions in the third quarter of fiscal 2007 and beyond account for the increase in recorded equipment amortization costs in fiscal 2008 over fiscal 2007.

At least annually, Management conducts its annual assessment of the potential impairment of long lived assets and the appropriateness of estimates with respect to the useful lives of long lived assets. With respect to intangible assets, composed of patents and trademarks, Management determined there was no impairment of these assets. Given the rapidly changing technology environment and Management's experience to date regarding the uncertainty of patent application success and timing to obtain patents, Management has determined that the estimated useful life of these assets is from one to three years as compared to an estimated useful life of ten years utilized in prior years. The impact of this change in estimate in 2008, was amortization of approximately \$20,000 more than would have been recorded had there been no change in estimated useful life. Total amortization of intangible assets was \$35,146 for the year ended December 31, 2008.

#### ***Stock based compensation***

Stock options granted under the Company's stock option plan are accounted for using the fair value method. The fair value of options granted was determined at the date of grant using the Black-Scholes option pricing model with the following assumptions.

	2008 Stock Option Plan	2007 Stock Option Plan	2001 Stock Option Plan
Exercise price	\$0.375	\$0.125 to \$0.60	\$0.001
Estimated fair value at grant	\$0.50	\$0.384 to \$0.60	\$0.108
Risk free interest rate	3.50%	4.50%	4.40%
Expected dividend yield	0%	0%	0%
Expected share volatility	65.5%	100%	100%
Expected average option life	5 years	0 to 2 years	1 year

The following table presents changes in the Company's option balances:

	Number of Options	Weighted Average Exercise Price	Weighted Average Share Price	Weighted Average Years to Expiry
<b>Outstanding December 31, 2006</b>	349,050	0.001	0.108	4.4
Granted	325,950	0.001	0.108	
Granted	795,000	0.411	0.509	
Exercised	(675,000)	0.001	0.108	
<b>Outstanding December 31, 2007</b>	795,000	0.411	0.509	5.0
Granted	400,000	0.375	0.500	
Granted upon amalgamation	208,300	0.480	0.021	
Exercised	(80,000)	0.251	0.465	
<b>Outstanding December 31, 2008</b>	1,323,300	0.421	0.432	4.0

On a year-over-year basis, stock compensation decreased from \$108,064 to \$8,701 for the three months ended December 31, 2007 and 2008 respectively, and increased from \$169,299 to \$225,776 for the years ended December 31, 2007 and 2008 respectively. Compensation expense is recognized over the period of the vesting of options granted, with the counterpart recognized in contributed surplus. The fluctuations in stock compensation expense relate to the extent of options granted, timing of vesting of granted options, and fair value assigned to options granted. Excluding options granted upon amalgamation to option holders of Berkeley and ILAH, 400,000 options were granted in fiscal 2008. All of these 400,000 options were granted in the third quarter and vested upon being granted, resulting in significantly higher stock compensation expense in the third quarter of fiscal 2008, as compared to the first, second and fourth quarters.

***Other income (loss)***

Other income (loss) is composed of interest income, other income and foreign exchange gains or losses. Interest income was \$9,634 and \$50,864 for the three months and year ended December 31, 2008, respectively, and is primarily composed of interest on treasury bills and guaranteed investment certificates. In fiscal 2007, no interest-earning investments were held, and interest recorded related primarily to interest on investment tax credits with respect to SR&ED and interest on cash held in a savings account.

The Company conducts business in the US and therefore regularly generates revenue, incurs expenditures and carries monetary assets and liabilities denominated in US Dollars. The significant decline in the US to Canadian Dollar exchange rate during fiscal 2007 resulted in losses of \$575 for the three months ended December 31, 2007 and \$23,331 for the year ended December 31, 2007. In 2008, strengthening of the US to Canadian dollar resulted in foreign exchange gains of \$27,553 and \$22,924 for the three months and year ended December 31, 2008 respectively.

## **Assets, Liabilities and Share Capital Analysis**

	<b>Audited</b>	
	<b>Dec 31, 2008</b>	<b>Dec 31, 2007</b>
Assets	\$2,787,290	\$1,730,698
Liabilities	\$523,596	\$347,300
Share and warrant capital	\$7,939,481	\$3,494,117
Common shares outstanding	34,384,492	25,633,133
Options and warrants outstanding	10,317,907	2,623,387

### ***Assets***

Total assets held at December 31, 2008 and December 31, 2007 were composed primarily of cash and cash equivalents, trade and other receivables, investment tax credit receivable and equipment.

Cash and cash equivalents increased from \$600,742 to \$1,581,938 from December 31, 2007 to December 31, 2008. This increase is primarily the result of the receipt of net proceeds of approximately \$4.6 million from the private placement financing completed in February 2008, less increased spending to carry out the Company's key objectives for the private placement funds during 2008. As at December 31, 2008, approximately \$1.3 million of the cash and cash equivalents balance was invested in treasury bills and guaranteed investment certificates. It is the Company's policy to obtain the highest interest rates possible on excess cash resources without exposing the funds to any significant risk of loss.

Trade and other receivables decreased from \$204,852 at December 31, 2007 to \$168,121 at December 31, 2008. Investment tax credits receivable which relate to estimated SR&ED investment tax credits for which a cash refund is anticipated, decreased from \$275,000 at December 31, 2007 to \$258,577 at December 31, 2008. This decrease is attributable to receipt of the Provincial portion of one of the refund claims made by the Company. The SR&ED claims for the periods noted above have yet to be assessed by the Canada Revenue Agency.

Deferred corporate transactions costs reflect costs incurred with respect to the amalgamation of Berkeley and ILAH and the private placement completed in February 2008. Upon completion of the amalgamation and the private placement, the related costs were reclassified and offset against equity. As at December 31, 2007, \$100,473 was recorded for deferred corporate transaction costs. By April 1, 2008, both the amalgamation and private placement were complete, and thus the deferred corporate transactions costs were reclassified and offset against equity.

Equipment net of accumulated amortization increased from \$412,602 at December 31, 2007 to \$582,577 at December 31, 2008. Approximately 50% of this increase related to the net increase in computer hardware required for the storage and backup of the growing library of StreetScape images and their related data, and approximately 19% related to additions to equipment required for image capture.

### ***Liabilities***

As at December 31, 2007, liabilities totaled \$347,300 and was composed entirely of accounts payable and accrued liabilities generated in the normal course of operations. As at December 31, 2008, liabilities totaled \$523,596, of which \$378,527 represented accounts payable and accrued liabilities. Also included in liabilities as at December 31, 2008, was deferred revenue, current and long term, in the amount of \$145,069, which relates to payments received in advance for StreetScape services and for which revenue has not yet been earned.

### *Share capital*

In June of 2007, ILAH completed a private placement of 2,717,392 units for \$0.46 per unit. Each unit consisted of one common share of ILAH and one-half of one common share purchase warrant. Each full warrant entitled the subscriber to purchase one common share of ILAH for an exercise price of \$0.69 per share. Gross proceeds of this financing were \$1,250,000; share issue costs, including agents' fees and the value of broker warrants granted to Agents, totaled \$183,937, resulting in net proceeds of \$1,066,063. An additional 217,391 warrants to purchase one common share at an exercise price of \$0.46 per share were granted to the agents, the fair value of which is included in the share issue costs noted above. Total warrants issued in connection with this placement were 1,576,087. As at December 31, 2008, none of these warrants had been exercised.

The \$0.69 warrants issued under the June 2007 private placement were allocated \$177,291 of the net proceeds based on their *pro rata* share of the calculated fair value of the total unit fair value at issuance using a Black-Scholes pricing model and assuming: a risk free interest rate of 4.5%; an expected volatility of 100%; an expected life of two years and no expected dividend yield. All of these warrants expired on April 7, 2009. The agent's warrants were valued at \$41,521 utilizing Black-Scholes model and the same assumptions. These warrants expire on June 19, 2009.

In August 2007, ILAH completed two additional private placements.

Under the first of these private placements, ILAH issued 435,000 units at a unit price of \$0.46. Each unit consisted of one common share and one half of one common share purchase warrant, for a total of 217,500 warrants. Each full warrant entitled the subscriber to purchase one common share of ILAH for an exercise price of \$0.69 per share. Gross proceeds of this financing were \$200,100. Share issue costs, including agents' fees and the value of broker warrants granted to the agents, totaled \$27,853, resulting in net proceeds of \$172,246. An additional 34,800 warrants to purchase one common share at an exercise price of \$0.46 per share were granted to the agents, the fair value of which is included in share issue costs. Total warrants issued in connection with this placement were 252,300. As at December 31, 2008, none of these warrants had been exercised.

The \$0.69 warrants were allocated \$28,645 of the net proceeds based on their *pro rata* share of the calculated fair value of the total unit fair value at issuance using a Black-Scholes pricing model and assuming: a risk free interest rate of 4.5%; an expected volatility of 100%; an expected life of two years and no expected dividend yield. All of these warrants expired on April 7, 2009. The agent's warrants were valued at \$6,646 utilizing Black-Scholes model and the same assumptions. These warrants are scheduled to expire on August 13, 2009.

Under the second private placement in August of 2007, ILAH issued 1,657,341 common shares at a share price of \$0.60 per share. Gross proceeds of this financing were \$994,405. Share issue costs totaled \$90,577, resulting in net proceeds of \$903,828. No warrants were issued in connection with this private placement.

In October 2007, ILAH issued 8,400 common shares at price of \$0.60 per share. Gross proceeds of this share issuance were \$5,040. There were no share issue costs incurred or warrants issued in connection with this share issue.

In February 2008, ILAH completed a private placement of 6,567,530 units for \$0.80 per unit as part of the Qualifying Transaction. Each unit consisted of one common share of ILAH and one common share purchase warrant. Each full warrant entitled the subscriber to purchase one common share of ILAH for

an exercise price of \$1.00 per share. Gross proceeds of this financing were \$5,254,000. Share issue costs, including the fair value of warrants issued to agents, totaled \$917,514. Agents were issued 515,400 units in connection with this financing. Each unit entitles the agent to purchase one common share and one common share purchase warrant for an exercise price of \$0.80. The resulting warrant entitles the agent to purchase an additional common share at an exercise price of \$1.00. Total warrants issued to investors and agents in connection with this placement were 7,082,900. As at December 31, 2008, none of these warrants had been exercised.

The \$1.00 warrants were allocated \$1,235,899 of the net proceeds based on their *pro rata* share of the calculated fair value of the total unit fair value at issuance using a Black-Scholes pricing model and assuming: a risk free interest rate of 2.75%; an expected volatility of 100%; an expected life of two years and no expected dividend yield. The Agent's warrants were valued at \$337,587 utilizing Black-Scholes model and the same assumptions.

Effective April 1, 2008, ILAH and Berkeley amalgamated to form iLOOKABOUT Corp. Pursuant to the amalgamation, common shares, options and warrants of ILAH were exchanged on a one for one basis for iLOOKABOUT Corp. common shares, options and warrants, and each Berkeley common share, option and warrant was exchanged for 0.2083 common shares, options and warrants of iLOOKABOUT Corp.

The impact of the amalgamation, private placements and options exercised are reflected in the tables below.

	Expiry date	2008		2007	
		Issued	Amount	Issued	Amount
Authorized:					
Unlimited common shares					
Unlimited preferred shares					
Issued:					
Common shares		34,384,492	\$ 6,495,232	25,633,133	\$ 3,288,181
Share purchase warrants:					
\$0.69 warrants	April 7/09	1,576,196	205,936	1,576,196	205,936
\$0.46 agent warrants <sup>1</sup>	June 19/09	217,391	-	217,391	-
\$0.46 agent warrants <sup>1</sup>	Aug 13/09	34,800	-	34,800	-
\$0.48 warrants	Sept 17/09	83,320	2,414	-	-
\$1.00 warrants	April 1/10	6,567,500	1,235,899	-	-
\$1.00 agent warrants <sup>1</sup>	Feb 21/10	515,400	-	-	-
		8,994,607	1,444,249	1,828,387	205,936
Share capital and warrants		43,379,099	\$ 7,939,481	27,461,520	\$ 3,494,117

<sup>1</sup> The fair value of warrants issued to agents as compensation with respect to share issuance is accounted for as a capital transaction. The fair value of warrants issued is recorded as a share issuance cost, with the offset recorded as contributed surplus. Upon exercise of these warrants, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus.

	2008		2007	
	Shares	Amount	Shares	Amount
Common shares, beginning of year	25,633,133	\$ 3,288,181	17,827,000	\$ 1,074,039
Options exercised - private placement	-	-	2,313,000	200,000
Options exercised - other	80,000	45,516	675,000	72,900
Shares issued - private placement	6,567,530	5,254,000	4,818,133	2,449,545
Fair value assigned to warrants	-	(1,497,390)	-	(241,158)
Shares issued - amalgamation	2,103,829	60,948	-	-
Share issue costs	-	(656,023)	-	(267,145)
Common shares, end of year	34,384,492	\$ 6,495,232	25,633,133	\$ 3,288,181

	2008		2007	
	Warrants	Amount	Warrants	Amount
Warrants, beginning of year	1,828,387	\$ 205,936	-	\$ -
Warrants issued - private placement	7,082,900	1,497,390	1,828,387	241,158
Warrants issued - amalgamation	83,320	2,414	-	-
Warrant issue costs	-	(261,491)	-	(35,222)
Warrants, end of year	8,994,607	\$ 1,444,249	1,828,387	\$ 205,936

### ***Outstanding Share Data***

Effective April 1, 2008, ILAH and Berkeley amalgamated to form iLOOKABOUT, whose authorized share capital consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. Pursuant to the amalgamation, common shares, options and warrants of ILAH were exchanged on a one for one basis for iLOOKABOUT common shares, options and warrants, and each Berkeley common share, option and warrant was exchanged for 0.2083 common shares, options and warrants of the Company.

As at April 15, 2009, iLOOKABOUT has 34,384,492 common shares issued and outstanding, and outstanding options and warrants to purchase 9,377,111 common shares, exercisable at prices ranging from \$0.125 to \$1.00 per share.

Changes in the balance of outstanding common shares, warrants and options are reflected in the tables included in the “Share Capital” and “Stock Based Compensation” sections herein.

### ***Incentive Stock Options***

The Company has established a 2008 Stock Option Plan (the “*Plan*”) whereby the Company may grant options to purchase common shares of the Company to its directors, officers, employees and consultants. Pursuant to the amalgamation of ILAH and Berkeley, this Plan replaced the stock option plans of each of the predecessor entities.

Under the Plan, the number of authorized but unissued common shares that may be issued upon the exercise of options granted under the Plan at any time plus the number of common shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company at such time may

not exceed 10% of the then issued and outstanding common shares of the Company on a non-diluted basis, and such aggregate number of options to purchase common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes.

The Board of iLOOKABOUT has authority to determine which eligible persons will be issued options, the number of options to be granted to such persons, the time when options shall be granted, when such options will vest, when such options will expire, and at what price the options may be exercised.

On September 13, 2007, an aggregate of 999,999 options to acquire Berkeley common shares at a price of \$0.10 per common share and exercisable for five years from the date of grant, were granted to the directors and officers of Berkeley. These options became options to purchase 208,300 common shares of iLOOKABOUT for \$0.48 per share upon the amalgamation of Berkeley and ILAH.

Prior to amalgamation, there were options to purchase 795,000 common shares outstanding to employees and consultants of ILAH or its subsidiaries. Upon amalgamation, these options were exchanged for an equal number of options to purchase common shares of iLOOKABOUT Corp. for exercise prices ranging from \$0.125 to \$0.60 per share.

Changes in the balance of outstanding stock options are reflected in the table included in the “Stock Based Compensation” section herein.

### **Liquidity, Financing Activities and Capital Resources**

As at December 31, 2008, iLOOKABOUT had working capital, calculated as current assets less current liabilities, of \$1,630,304, consisting of cash and cash equivalents of approximately \$1,581,938, accounts payable and accrued charges of \$378,527, and current deferred revenue of \$107,569. The Company also has commitments of \$139,872 due between January 2009 and December 2010. The Company’s level of working capital, after considering commitments, indicates that the Company is currently able to meet its financial obligations as they fall due.

In early April 2008, the funds raised in the private placement completed in February 2008 were released from escrow to the Company. The net proceeds of this private placement was \$4,674,072, of which Management intended to direct approximately 53% (or approximately \$2,477,000) to image data capture; 28% (or approximately \$1,309,000) toward sales, marketing and general administration; 13% (or approximately \$608,000) to its information technology infrastructure; and 6% (or approximately \$280,000) to research and development. Given the current economic environment and longer than expected sales cycle, Management has determined that it is prudent to reduce its planned spending on data capture costs, which includes direct and indirect costs to capture and process image data and related capital expenditures required to support this data. Management will continue to assess the appropriateness of this course of action and will resume planned levels of data capture when it determines such action to be appropriate and feasible.

As addressed in the “Current Challenges” section above, Management has identified the need to aggressively conserve cash resources given the current economic downturn and longer than expected sales cycle for the iLOOKABOUT StreetScape product, while balancing the need to continue to pursue the Company’s key objectives. Immediate and near term cost containment plans have been developed and are being executed. Management is prepared to undertake further measures in the medium to longer term to conserve cash resources if it determines such measures to be necessary or advisable, and continues to pursue financing options available to the Company including, but not limited to, a private placement and government funding.

## **Commitments and Contractual Obligations**

### ***Business Combination Agreement***

In furtherance of the Qualifying Transaction, Berkeley and ILAH entered into an agreement in principle dated October 1, 2007. A formal business combination agreement was executed February 21, 2008, and the amalgamation of these entities as contemplated thereby to form the Company was completed on April 1, 2008. See “Qualifying Transaction” above.

### ***Agency Agreements***

On December 20, 2007, ILAH entered into an agency agreement with Blackmont Capital Inc. (“*Blackmont*”) to act as ILAH’s agents in respect of the February 2008 private placement. As permitted under this agency agreement, Blackmont engaged the services of sub-agents. Collectively, the agents were entitled to, and did receive, cash commissions equal to 8% of the gross proceeds of the financing. As additional compensation provided for under this agreement, the agents received options to acquire the equivalent of 8% of the units sold in the private placement, for an exercise price of \$0.80. Each unit consisted of one common share and one share purchase warrant of ILAH at an exercise price of \$1.00. The agents were also entitled to reimbursement of reasonable fees and expenses up to a maximum of \$75,000.

### ***Escrow Agreements***

In connection with its initial public offering, Berkeley and its then existing shareholders entered into an escrow agreement dated August 31, 2007 with Equity Transfer & Trust Company (“*Equity*”) by which all of the 6,099,999 common shares of Berkeley issued prior to the offering were deposited with Equity to be held in escrow pending the completion of the Qualifying Transaction, after which time they are to be released in accordance with the schedule prescribed by the TSXV for Tier 1 Issuers.

In connection with the Qualifying Transaction, iLOOKABOUT Corp. and certain shareholders entered into an Escrow Agreement Value Security dated April 1, 2008 with Equity as required by the TSXV. Under this agreement, the shareholders who are a party to it deposited with Equity all of their securities of the Company, which securities are released as further disclosed in the Company’s AIF.

## **Transactions with Related Parties**

Two of the premises occupied by the Company are rented on an annual basis from a related company owned by an officer and director of the Company. The Company paid rent of \$15,300 (2007 - \$13,100), which is included in selling, general and administration costs, to the related company. The rental agreement for one of these premises expired May 2008.

In September 2007, the Company purchased computer equipment from a related company owned by two officers and directors of the Company. The equipment was recorded at the exchange amount of \$20,000.

These transactions are in the normal course of operations and are disclosed at the exchange amount, being the amount of consideration established and agreed to by the related parties.

## **Off Balance Sheet Arrangements**

As at December 31, 2008, iLOOKABOUT had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

## **Financial Instruments**

iLOOKABOUT's financial instruments consist of cash and cash equivalents, trade and other receivables, investment tax credits receivable and accounts payable and accrued charges. Management does not believe these financial instruments expose iLOOKABOUT to any significant interest, currency or credit risks.

## **Changes in Accounting Policies**

On January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

Section 1535 – Capital Disclosures

Section 3862 – Financial Instruments – Disclosures

Section 3863 – Financial Instruments – Presentation

### (a) Capital Disclosures

Section 1535 – Capital Disclosures, requires disclosure of the Company's objectives, policies and processes for managing capital. Implementation of this section required further note disclosure about how the Company defines capital, what externally imposed capital requirements it faces, the consequences of non-compliance with external capital requirements, if any, and how it monitors and manages capital. These new disclosures are included in Note 12 of the consolidated financial statements.

### (b) Financial Instruments – Disclosures

Section 3862 – Financial Instruments – Disclosures, requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. These new disclosures are included in Note 13 of the consolidated financial statements.

### (c) Financial Instruments – Presentation

Section 3863 – Financial Instruments – Presentation, carries forward the presentation standards which previously existed under Section 3861.

These new standards have been adopted prospectively. Adoption of these standards did not have an impact on the January 1, 2008 opening balances.

## **Future Accounting Policy Changes**

The CICA has issued a number of new accounting pronouncements that have not yet come into effect that will need to be considered for subsequent years.

### ***International Financial Reporting Standards***

In February 2008, the CICA's Accounting Standards Board confirmed that publicly accountable enterprises will adopt International Financial Reporting Standards ("IFRS") effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences with respect to recognition, measurement and disclosures. The Company's changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011. Changes in accounting policies are likely, but whether their impact on the financial statements will be material has not yet been determined. The Company is currently assessing the impact of adoption of IFRS on its financial statements and is in the process of completing the scoping phase of its conversion plan. The conversion plan includes, but is not limited to, the following:

- Comparison of the Company's significant accounting policies under Canadian GAAP as compared to IFRS and quantification of the expected impact of IFRS adoption on its financial statements;
- Assessment of the impact of conversion on financial and business processes (i.e. internal control, data gathering and management, internal reporting, etc.);
- Assessment of the information technology and reporting systems required to support conversion to IFRS;
- Assessment of the financial reporting expertise required for conversion and expected training needs; and
- Identification of external resources and expertise required to facilitate an effective conversion.

### ***Goodwill and intangible assets***

Section 3064 – Goodwill and intangible assets, is effective for fiscal years beginning on or after October 1, 2008 and replaces Section 3062 (Goodwill and other intangible assets) and Section 3450 (Research and development costs). Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The Company is currently evaluating the impact of this new standard on its 2009 financial statements.

### ***Consolidated Financial Statements***

The Accounting Standards Board ("AcSB") issued a revised Section 1601 – Consolidated Financial Statements. This revised Section is applicable to accounting periods beginning on or after January 1, 2011. This Section establishes standards for the preparation of consolidated financial statements. Management does not expect that the adoption of this revised section will have a material impact on the Company's financial statements.

### ***Non-controlling Interests***

The AcSB issued a revised section 1602 – Non-controlling Interests. This revised Section is applicable to accounting periods beginning on or after January 1, 2011. This Section

establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. There are currently no non-controlling interests, nor are there any expected, in the Company's subsidiaries. Accordingly, management does not expect that the adoption of this revised section will have a material impact on the Company's financial statements.

### ***Business Combinations***

The AcSB issued a revised section 1602 – Non-controlling Interests. This revised Section is applicable to accounting periods beginning on or after January 1, 2011. The objective of this Section is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statement about a business combination and its effects. Management does not expect that the adoption of this revised section will have a material impact on the Company's financial statements.

### **Risk Factors**

Significant risks that could materially affect iLOOKABOUT's future financial and/or operating results are contained in the Company's Annual Information Form which may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Additional Information**

Additional information relating to iLOOKABOUT, including the Company's consolidated audited financial statements for the year ended December 31, 2008 and its 2009 Annual Information Form, may be found on SEDAR at [www.sedar.com](http://www.sedar.com).