

iLOOKABOUT Corp.

**Unaudited Condensed Interim
Consolidated Financial Statements**

For the three months ended March 31, 2017 and 2016

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(in Canadian dollars)

As at	Note	March 31, 2017	December 31, 2016
Assets			
Current Assets:			
Cash		\$ 2,422,832	\$ 2,221,432
Trade and other receivables, net		969,541	677,125
Prepaid expenses and other current assets		220,225	163,575
		<u>3,612,598</u>	<u>3,062,132</u>
Non-current Assets:			
Equipment		388,168	429,736
Intangible assets		1,794,380	1,851,643
		<u>2,182,548</u>	<u>2,281,379</u>
Total Assets		<u>\$ 5,795,146</u>	<u>\$ 5,343,511</u>
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities		\$ 1,363,415	\$ 1,205,631
Unearned revenue		1,198,310	980,084
Current portion of long-term debt	4	11,013	10,947
		<u>2,572,738</u>	<u>2,196,662</u>
Non-current Liabilities:			
Unearned revenue		404,696	531,228
Long-term debt	4	15,324	18,066
		<u>420,020</u>	<u>549,294</u>
Shareholders' Equity	5	2,802,388	2,597,555
Subsequent events	13		
Total Liabilities and Shareholders' Equity		<u>\$ 5,795,146</u>	<u>\$ 5,343,511</u>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
(in Canadian dollars)

	Note	Three months ended	
		March 31, 2017	March 31, 2016
Revenue	7	\$ 2,080,615	\$ 2,149,704
Direct operating expenses		726,993	885,394
Gross margin		1,353,622	1,264,310
Other operating expenses:			
Technology		439,265	378,230
Selling and business development		213,196	308,518
General and administration		764,024	655,670
		1,416,485	1,342,418
Loss from operations		(62,863)	(78,108)
Finance costs		(259)	(11,449)
Foreign exchange loss		(13,075)	(65,257)
Loss for the period		\$ (76,197)	\$ (154,814)
Other comprehensive income:			
Items that will not be reclassified to earnings (loss) for the period:			
Foreign exchange gain on the translation of foreign operations		5,882	42,657
Comprehensive loss for the period		\$ (70,315)	\$ (112,157)
Weighted average number of common shares			
Basic and diluted	9	62,376,117	60,313,784
Loss per share			
Basic and diluted	9	\$ -	\$ -

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iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(in Canadian dollars)

Three months ended March 31, 2017

	Note	Common share capital	Warrant capital	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at December 31, 2016		\$ 13,302,626	\$ 338,077	\$ 5,424,757	\$ (16,144,245)	\$ (323,660)	\$ 2,597,555
Loss for the period		-	-	-	(76,197)	-	(76,197)
Other comprehensive income:							
Foreign exchange gain on the translation of foreign operations		-	-	-	-	5,882	5,882
Comprehensive loss for the period		-	-	-	(76,197)	5,882	(70,315)
Warrants exercised	5 (a)	290,194	(68,044)	-	-	-	222,150
Warrants expired	5 (c)	-	(97,554)	97,554	-	-	-
Options exercised	5 (b)	11,563	-	(5,563)	-	-	6,000
Share-based compensation	8	-	-	46,998	-	-	46,998
Balance at March 31, 2017		\$ 13,604,383	\$ 172,479	\$ 5,563,746	\$ (16,220,442)	\$ (317,778)	\$ 2,802,388

Three months ended March 31, 2016

	Note	Common share capital	Warrant capital	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at December 31, 2015		\$ 13,173,500	\$ 717,230	\$ 4,558,722	\$ (15,646,886)	\$ (344,379)	\$ 2,458,187
Loss for the period		-	-	-	(154,814)	-	(154,814)
Other comprehensive loss:							
Foreign exchange loss on the translation of foreign operations		-	-	-	-	42,657	42,657
Comprehensive loss for the period		-	-	-	(154,814)	42,657	(112,157)
Warrants expired		-	(63,050)	63,050	-	-	-
Share-based compensation	8	-	-	61,559	-	-	61,559
Balance at March 31, 2016		\$ 13,173,500	\$ 654,180	\$ 4,683,331	\$ (15,801,700)	\$ (301,722)	\$ 2,407,589

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(in Canadian dollars)

	Note	Three months ended	
		March 31, 2017	March 31, 2016
Cash flows from operating activities			
Loss for the period		\$ (76,197)	\$ (154,814)
Adjustments for:			
Loss on disposal of equipment		23,305	12,225
Gain on disposal of intangible assets		-	(387)
Amortization of equipment		34,891	33,101
Amortization of intangible assets		58,175	57,552
Unrealized foreign exchange loss		14,290	69,161
Finance costs		259	11,449
Share-based compensation expense		46,998	61,559
		101,721	89,846
Changes in non-cash operating assets and liabilities	10	(100,321)	(146,022)
Interest paid		(422)	(8,340)
Interest received		48	44
Tax credits received		848	-
Cash provided by (used in) operating activities		1,874	(64,472)
Cash flows from financing activities			
Repayment of debt financing of vehicles	4 (b)	(2,676)	(2,521)
Proceeds from warrants exercised	5 (a)	222,150	-
Proceeds from options exercised	5 (b)	6,000	-
Cash provided by (used in) financing activities		225,474	(2,521)
Cash flows from investing activities			
Purchase of equipment		(16,628)	(17,751)
Proceeds on disposal of equipment		-	6,177
Purchase of intangible asset		(912)	(2,041)
Proceeds on disposal of intangible assets		-	775
Cash used in investing activities		(17,540)	(12,840)
Increase (Decrease) in cash for the period		209,808	(79,833)
Effect of exchange rate fluctuations on cash		(8,408)	(26,504)
Cash - beginning of period		2,221,432	2,600,269
Cash - end of period		\$ 2,422,832	\$ 2,493,932

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iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

1. Corporate Information

iLOOKABOUT is a software, data analytics, and visual intelligence company focused on real property, serving primarily the property assessment, property taxation, municipal, insurance, and appraisal sectors, both public and private, in Canada and the United States (øUSö).

The consolidated financial statements comprise iLOOKABOUT Corp., and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT (US) Inc., and Municipal Tax Advisory Group Inc. (together referred to as the øCompanyö). iLOOKABOUT Corp., iLOOKABOUT Inc. and Municipal Tax Advisory Group Inc. are incorporated under the laws of the Province of Ontario, and iLOOKABOUT (US) Inc. is incorporated under the laws of the State of Delaware. iLOOKABOUT Corp. and its subsidiaries each have a December 31 year end.

The Companyø principal place of business is located at 383 Richmond Street, Suite 408, London, Ontario, Canada.

The Companyø shares are traded in Canada on the TSX Venture Exchange (øTSX-Vö) under the symbol ILA.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (øIASBö). The notes presented in these interim financial statements include only significant changes and transactions occurring since the Companyø last year end and are not fully inclusive of all disclosures required by International Financial Reporting Standards (øIFRSö) for annual financial statements. These interim financial statements should be read in conjunction with the Companyø annual audited consolidated financial statements as at and for the year ended December 31, 2016, which are available on SEDAR.

These interim financial statements were approved by the Board of Directors on May 24, 2017.

3. Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2016.

The accounting policies have been consistently applied by the Companyø subsidiaries.

(a) *New accounting pronouncements adopted*

The Company did not adopt any significant changes in accounting policies in the Period.

(b) *Accounting pronouncements not yet adopted*

The IASB has issued new standards and amendments to existing standards. These changes in accounting were not yet effective at December 31, 2016, and could have an impact on future periods.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

(Note 3 - continued)

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39 - Financial Instruments: recognition and measurement standard. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is assessing the impact of this standard on the consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including but not limited to IAS 11 ó Construction Contracts, IAS 18 ó Revenue, and IFRIC 13 - Customer Loyalty Programmes.

IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17 - Leases. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company has commenced an implementation plan to develop the necessary accounting policies, estimates and judgments required to adopt IFRS 15. The implementation plan includes an assessment of the standard and the Company's policy as well as any changes required to business processes, systems and internal controls upon adoption of IFRS 15. The Company is not currently in a position to make a reliable estimate of the impact of IFRS 15 on its consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued the final publication of the IFRS 16 - Leases standard, which will supersede the current IAS 17 - Leases standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be 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. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the entity is also applying IFRS 15. The Company will have the option to either:

- apply IFRS 16 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

Management is assessing the impact of this standard on the consolidated financial statements.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

4. Long-term debt

	March 31, 2017		December 31, 2016	
Debt financing of vehicles		26,337		29,013
	\$	26,337	\$	29,013
Due within 1 year	\$	11,013	\$	10,947
Due between 1 and 5 years		15,324		18,066
	\$	26,337	\$	29,013

Debt financing of vehicles

Debt financing of vehicles		Carrying Value
Balance, December 31, 2016	\$	29,013
Repayment of financing		(2,676)
Balance, March 31, 2017	\$	26,337

5. Common Share and Warrant Capital

	Expiry date	Exercise price	March 31, 2017		December 31, 2016	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			62,919,784	\$ 13,604,383	61,388,784	\$ 13,302,626
Share purchase warrants:						
Series G warrants	March 29, 2017	0.31	-	-	576,611	97,554
Series I warrants	January 24, 2017	0.15	-	-	1,481,000	68,044
Series J warrants	January 24, 2018	0.15	1,481,000	76,160	1,481,000	76,160
Series L warrants	October 24, 2021	0.40	1,000,000	96,319	1,000,000	96,319
Share capital and warrant capital			65,400,784	\$ 13,776,862	65,927,395	\$ 13,640,703

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value and are each entitled to one vote. All issued common shares are fully paid.

The following table presents changes in common shares:

	Number of shares	Amount
Balance, December 31, 2016	61,388,784	\$ 13,302,626
Warrants exercised (a)	1,481,000	290,194
Options exercised (b)	50,000	11,563
Balance, March 31, 2017	62,919,784	\$ 13,604,383

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

(Note 5 - continued)

The following table presents changes in warrant capital:

		Number of warrants		Amount
Balance, December 31, 2016		4,538,611	\$	338,077
Warrants exercised	(a)	(1,481,000)		(68,044)
Warrants expired	(c)	(576,611)		(97,554)
Balance, March 31, 2017		2,481,000	\$	172,479

(a) *Warrant exercise*

In January 2017, 1,481,000 Series I purchase warrants previously issued under a private placement to the Executive Chair of the Company, were exercised for 1,481,000 Common Shares at an exercise price of \$0.15 per share, for gross proceeds of \$222,150.

(b) *Stock Option exercise*

In March 2017, 50,000 stock options with an exercise price of \$0.12 per share, were exercised, resulting in the issuance of 50,000 Common Shares, for gross proceeds of \$6,000.

(c) *Warrant expiry*

In March 2017, 576,611 Series G common share purchase warrants previously issued for the purchase of 576,611 common shares at a price of \$0.31 expired, unexercised.

6. Related party transactions

- (i) In January 2017, 1,481,000 Series I purchase warrants previously issued under a private placement to the Executive Chair of the Company, were exercised for 1,481,000 Common Shares at an exercise price of \$0.15 per share.
- (ii) To provide for ongoing support and development of the technology software assets purchased in 2015 (the "Software") from Yeoman & Company Paralegal Professional Corporation ("YCP"), the Company entered into a consulting agreement with YCP (the "Consulting Agreement"). Two of the principals of YCP are the sons of the Executive Chair of the Company. The Consulting Agreement has a term of twenty years, ending in December 2034, and provides for an annual fee of \$265,000 plus 15% of revenue recognized and received by the Company from end customers (the "YCP Fees") for use of the Software. For the three months ended March 31, 2017, the Company paid YCP Fees of \$118,420 (three months ended March 31, 2016 of \$96,350) to YCP, which were included in direct operating expense and technology expense.
- (iii) YCP relicenses and/or utilizes the Company's Software in order to provide services to YCP's end customers. Included in revenue for the three months ended March 31, 2017 are software licence fees of \$9,188 (three months ended March 31, 2016 of \$4,800).

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

(Note 6 - continued)

- (iv) One of the premises occupied by the Company is rented on an annual basis from a related company owned by an officer and director of the Company. For the three months ended March 31, 2017, the Company paid rent to the related company of \$3,000, (three months ended March 31, 2016 - \$3,000), which is included in general and administration expense.

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

7. Revenue

The Company operates and reports its results as one operating segment, which is real property related products and services.

Nature of services:

The Company generates revenue from the provision of visual and data services, and from consulting services.

	Three months ended	
	March 31, 2017	March 31, 2016
Visual and data services	\$ 1,854,758	\$ 1,894,866
Consulting services	225,857	254,838
Total	<u>\$ 2,080,615</u>	<u>\$ 2,149,704</u>

Significant customers:

Customers representing more than 10% of revenue are classified as significant customers.

For the three months ended March 31, 2017, the Company had one significant customer; that represented 57% of total revenue.

For the three months ended March 31, 2016, the Company had two significant customers; one represented 54% and the other represented 17% of total revenue.

At March 31, 2017, two customers each accounted for more than 10% of trade accounts receivable. These customers accounted for approximately 43% of trade accounts receivable at that time, of which 97% was collected subsequent to March 31, 2017.

At December 31, 2016, two customers each accounted for more than 10% of trade accounts receivable. These customers accounted for approximately 62% of trade accounts receivable at December 31, 2016, of which 100% was collected subsequent to December 31, 2016.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

(Note 7 - continued)

Geographic information:

Geographically, the Company operates primarily in Canada and the United States.

Information regarding the revenue of each geographic area is included below:

	Three months ended	
	March 31, 2017	March 31, 2016
Canada	\$ 1,841,213	\$ 1,966,600
United States	239,402	183,104
Total	<u>\$ 2,080,615</u>	<u>\$ 2,149,704</u>

Equipment and intangible assets were entirely located in Canada.

8. Share-based compensation

Stock Options:

The number and weighted average exercise prices of options to purchase common shares are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding December 31, 2016	5,727,475	\$ 0.264	3.0
Exercised	(50,000)	\$ 0.120	
Outstanding March 31, 2017	<u>5,677,475</u>	<u>\$ 0.266</u>	<u>2.9</u>

The options outstanding at March 31, 2017 have exercise prices ranging from \$0.120 to \$0.335. All options outstanding had a contractual life of 5 years upon grant. Of the 5,677,475 unexercised options as at March 31, 2017, 3,760,975 had vested and were exercisable.

For the three months ended March 31, 2017, the Company recorded share-based compensation expense of \$46,998 (three months ended March 31, 2016 - \$61,559) related to stock options granted to employees, officers, and directors, which is included in technology expense, selling and business development expense, and general and administration expense.

9. Loss per share

For the three months ended March 31, 2017, diluted loss per share did not take into account any outstanding warrants, options, or deferred share units as their effect would be anti-dilutive for these periods. As at March 31, 2017, there were a total of:

- 2,481,000 warrants outstanding (March 31, 2016 ó 6,871,944);
- 5,677,475 options outstanding (March 31, 2016 ó 4,852,475); and
- 1,785,792 deferred share units outstanding (March 31, 2016 ó 1,219,667).

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
(in Canadian dollars)

10. Supplementary cash flow information

	Period Ended	
	March 31, 2017	March 31, 2016
Changes in non-cash operating assets and liabilities:		
Trade and other receivables	\$ (293,149)	\$ (608,695)
Prepaid expenses and other current assets	(56,650)	(13,204)
Accounts payable and accrued liabilities	157,784	(38,659)
Unearned revenue	91,694	514,536
	\$ (100,321)	\$ (146,022)

11. Financial risk management

The Company is exposed to credit risk, liquidity risk, foreign exchange risk, and interest rate risk from its financial assets and liabilities. Financial risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance. There have been no significant changes to the Company's key financial risks or risk management strategies since December 31, 2016.

The aging of trade and other receivables at the reporting date was:

As at	March 31, 2017	December 31, 2016
Current	\$ 772,108	\$ 598,082
Past due 1-90 days	130,907	29,268
Past due over 90 days	66,526	49,775
	\$ 969,541	\$ 677,125

Specific provisions are made against trade receivables for any customer that is known to be in poor financial condition or for any other reason it is considered doubtful that the customer's balance outstanding will be settled in full. In 2016, the Company recorded an impairment allowance of \$45,538 with respect to one of its customers which is included as a reduction of trade and other receivables at March 31, 2017. This allowance has been established based on management's assessment of the likelihood of collection for specific customer balances. Based on historic default rates, the Company believes that, apart from the above, no further impairment allowance is necessary with respect to trade and other receivables.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017 and 2016
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12. Financial instruments

Fair values versus carrying amounts

Fair values of cash, trade and other receivables, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the debt financing of vehicles are determined based on present valuing future estimated cash flows using market rates of interest, as follows:

As at	March 31, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt financing of vehicles	(26,337)	(26,337)	(29,013)	(29,013)
	\$ (26,337)	\$ (26,337)	\$ (29,013)	\$ (29,013)

13. Subsequent events

(i) Stock Option Grant

In April 2017, the Company granted 240,000 stock options to a consultant, such options having an exercise price of \$0.30. These options have a five year life. Upon grant, 25,000 of these options vested, and the remainder will vest at a rate of 26,875 quarterly, commencing July 1, 2017.

(ii) Stock Option Exercise

In April 2017, 125,000 options were exercised, resulting in the issuance of 125,000 Common Shares, for proceeds of \$15,000.

(iii) Public Offering

In May 2017, the Company completed a public offering, resulting in the issuance of 20,520,000 Common Shares of the Company for gross proceeds of \$5,130,000. In addition to cash compensation, the Company issued 1,044,000 common share purchase warrants (the "Broker Compensation Warrants") to the underwriters of the offering. Each Broker Compensation Warrant entitles the holder to purchase one Common Share of the Company at an exercise price of \$0.25. These warrants have an expiry date of May 16, 2019.