iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months ended June 30, 2014 (the "*Period*")

The information set forth below has been prepared as at August 26, 2014, and is derived from, and should be read in conjunction with, iLOOKABOUT Corp.'s ("iLOOKABOUT" or the "Company") unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2014 (the "Reporting Date"), including the accompanying notes (the "Interim Financial Statements"), which can be found on SEDAR at www.sedar.com. This Management's 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 at www.sedar.com .

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"). By their nature, the Interim Financial Statements do not include all the information required for full annual financial statements, and so should be read in conjunction with the Company's 2013 audited annual consolidated financial statements prepared in accordance with IFRS which can be found on SEDAR at www.sedar.com.

All dollar figures referred to herein are Canadian dollars unless otherwise stated. For narrative purposes, all dollar amounts have been rounded to thousands unless otherwise stated.

Company Background

iLOOKABOUT is a visual and data intelligence company serving commercial and government enterprises in the property assessment, insurance, real estate, municipal, utility and appraisal sectors primarily in Canada and the United States ("US"). iLOOKABOUT is a pioneer in visual and data intelligence with its StreetScape™ and GeoViewPort™ products.

StreetScape™ is a proprietary visual and data intelligence product for the geo-spatial market, providing panoramic, comprehensive, street-level perspective visual data, geo-coded with latitude and longitude coordinates for accuracy and supported by patented software processes and proprietary security and storage systems.

The Company has also developed and markets GeoViewPort™, a proprietary web-based Geographic Information System ("GIS") application that enables the aggregation of property related data such as street level imagery, aerial imagery, validated addresses, property values, property attributes, etc.

Headquartered in London, Ontario, Canada, iLOOKABOUT's common shares are traded on the TSX Venture Exchange ("TSXV") under the symbol ILA. Its Series 1 Preference Shares are not listed on any exchange.

Current Overview and Outlook

Summary of quarterly results:

	Three months ended				Year ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
Fiscal 2014		Unaudited			
Revenue	$ 1,122,136	$ 1,399,427			
Loss	(224,166)	(456,416)			
Comprehensive loss	(272,219)	(406,846)			
Loss per share (basic and diluted)	-	(0.01)			
Fiscal 2013		Unaudited			Audited
Revenue	$ 813,710	$ 881,128	$ 1,054,583	$ 813,148	$ 3,562,569
Loss	(78,608)	(318,023)	(113,147)	(408,479)	(918,257)
Comprehensive loss	(117,326)	(381,588)	(76,796)	(464,570)	(1,040,280)
Loss per share (basic and diluted)	-	(0.01)	-	(0.01)	(0.02)
Fiscal 2012		Unaudited			Audited
Revenue	$ 549,120	$ 901,066	$ 966,065	$ 854,540	$ 3,270,791
Loss	(336,603)	(249,296)	(49,815)	(191,634)	(827,348)
Comprehensive income (loss)	(288,796)	(306,480)	24,233	(215,263)	(786,306)
Loss per share (basic and diluted)	(0.01)	(0.01)	-	-	(0.02)

There were no significant developments to note in the second quarter of 2014.

Significant developments subsequent to the second quarter of 2014 include:

- In July 2014, the Company commenced image capture using a newly developed image capture platform. It is expected that significant cost savings will result from the utilization of this new platform.
- In August 2014, the Company successfully launched a mobile version of GeoViewPort™ to approximately 41,000 users.
- The Company previously disclosed that iLOOKABOUT and Yeoman Paralegal Professional Corporation ("YCP") had commenced the negotiation of a long term licencing agreement under which iLOOKABOUT would licence the technology assets of YCP and 2025832 Ontario Inc. on an exclusive basis. These technology assets include a Real Estate Tax Management Platform ("RTM") and an Assessment Benchmarking Software Platform ("ABSP"). The RTM automates the preparation and filing of the Request for Reconsideration, Appeal, and Statement of Issues documentation, being the principal elements of the municipal tax assessment appeal process. The automation exercise yields exceptional tax appeal efficiencies. The ABSP, when integrated with comprehensive data made available to iLOOKABOUT pursuant to a property data licence agreement with Municipal Property Assessment Corporation, will yield a fast, detailed and accurate property comparison and valuation engine. It was previously contemplated that licencing fees payable to YCP for this Software would be determined as a percentage of sales generated from the Software. It was anticipated at the release of the MD&A for the first quarter of 2014 that a licence agreement for the Software would be executed by the end of June 2014. The Company is now contemplating purchasing one or both of these software assets as opposed to licencing them. Key terms of this proposed asset purchase agreement are currently being negotiated, and will require regulatory approval and may be subject to shareholder approval.

Discussion of Results from Operations

	Unaudited		Unaudited	
	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Revenue	**$ 1,399,427**	**$ 881,128**	**$ 2,521,563**	**$ 1,694,838**
Direct operating expenses	716,342	380,678	1,241,377	651,051
Gross margin	**683,085**	**500,450**	**1,280,186**	**1,043,787**
Other operating expenses:				
Technology	276,863	253,471	531,357	505,712
Selling and business development	228,610	144,775	441,745	252,159
General and administration	523,636	436,603	859,588	680,381
	1,029,109	834,849	1,832,690	1,438,252
Loss from operations	**(346,024)**	**(334,399)**	**(552,504)**	**(394,465)**
Finance income (costs), net	(56,649)	(57,498)	(122,430)	(114,740)
Foreign exchange gain (loss), net	(53,743)	73,874	(5,648)	112,574
Loss for the period	**$ (456,416)**	**$ (318,023)**	**$ (680,582)**	**$ (396,631)**
Other comprehensive income (loss):				
Items that will not be reclassified to loss for the period:				
Foreign exchange gain (loss) on the translation of foreign operations	49,570	(63,565)	1,517	(102,283)
Comprehensive loss for the period	**$ (406,846)**	**$ (381,588)**	**$ (679,065)**	**$ (498,914)**
Loss per share (basic and diluted)	**$ (0.01)**	**$ (0.01)**	**$ (0.01)**	**$ (0.01)**

Revenue

Revenue increased 59% to $1,400,000, and increased 49% to $2,522,000 for the three and six months ended June 30, 2014 compared to the same periods in the prior year. These increases are primarily attributable to the commencement of a multi-year services contract with a customer in respect of the provision of hosted application services to enable the delivery of geo-spatial and real property related data to the customer's end users within the real estate vertical. Launch of the production phase of this offering occurred in February 2014.

The Company's US-based revenue remained relatively stable at $269,000 and $226,000 for the three months ended June 30, 2014 and 2013, respectively; and at $387,000 and $420,000 for the six months ended June 30, 2014 and 2013, respectively. These changes are primarily attributable to the timing of delivery of services as opposed to a change in the nature or volume of US-based business.

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

For the three months ended June 30, 2014, the Company had two significant customers; one represented 47%, and the other represented 22% of total revenue. For the three months ended June 30, 2013, the Company had two significant customers; one represented 37%, and the other represented 25% of total revenue.

For the six months ended June 30, 2014, the Company had two significant customers; one represented 50%, and the other represented 21% of total revenue. For the six months ended June 30, 2013, the Company had two significant customers; one represented 38%, and the other represented 24% of total revenue.

Gross margin

Gross margin increased from $500,000 to $683,000 for the three months ended June 30, 2013 and 2014, respectively; and from $1,044,000 to $1,280,000 for the six months ended June 30, 2014 and 2013, respectively. These increases are mainly attributable to increased revenue, for the reasons noted in the *"Revenue"* section above, but were offset significantly by:

- Increase in the required data and software licence fees to support an increase in the re-licencing of third party data and software by the Company;
- Increase in partner royalties and commissions, primarily related to two new US sales contracts entered in the first quarter of 2014; and

- Increase in data capture costs required to support the new US licences noted above.

In accordance with accounting standards, direct operating costs are recognized as they are incurred, while revenue is recognized over the period that service is delivered. The nature of many of the Company's sales agreements is that costs are incurred at the outset of the arrangement over a period of a few months, while at least a portion of the related revenue is recognized over a period of years. This results in material variances in gross margin on a period over period basis.

Comprehensive loss

Comprehensive loss increased from $382,000 to $407,000 for the three months ended June 30, 2013 and 2014, respectively; and increased from $499,000 to $679,000 for the six months ended June 30, 2013 and 2014. While gross margin for the comparative periods increased, for the reasons noted in the *"Gross Margin"* section above, this increase was more than offset by the following:

- Increase in sales and business development related expenses incurred to support new product and service offerings being launched by the Company;
- Increase in human resource related expense to support core business growth and development of the new product and service offerings being launched by the Company;
- Increase in regulatory, professional and insurance fees primarily attributable to a proposed business combination which was terminated in May 2014; and
- Increase in share-based compensation expense in respect of director compensation.

Seasonality

The number of hours per day of daylight suitable for image capture and weather conditions vary with the seasons and impact peak periods of image data capture. As the Company's image capture activity to date has primarily been focused in Canada and the northeastern region of the US, the majority of costs associated with image capture are incurred in the second and third quarters of the year. Should the Company expand its image capture to the southern US, the impact of seasonality on image capture will be less significant.

Outstanding Share Data

As at the date of this MD&A, iLOOKABOUT had 46,262,028 Common Shares and 750,000 Series 1 Preference Shares issued and outstanding, and outstanding options and warrants to purchase a further 7,248,375 Common Shares, exercisable at prices ranging from $0.12 to $0.48 per share.

Conversion of all of the issued and outstanding Series 1 Preference Shares would result in the issuance of 2,419,355 Common Shares and warrants to purchase a further 1,209,678 Common Shares at an exercise price of $0.31.

Liquidity and Capital Resources

The Company has a history of operating losses with an accumulated deficit of $14,425,000 (December 31, 2013 - $13,744,000); shareholders' deficiency of $1,609,000 (December 31, 2013 – $1,123,000) and a working capital deficiency of $1,180,000 (December 31, 2013 – $45,000).

Adjusted Working Capital (a non-GAAP measure; see section entitled *"Use of Non-GAAP Financial Measures"*) is defined and calculated by the Company as current assets less current liabilities (as shown on the consolidated Statement of Financial Position), excluding items that are not financial assets or financial liabilities. Management believes Adjusted Working Capital provides more meaningful information with respect to the liquidity of the Company than does Working Capital. Further, one of the covenants under the Company's term credit facility ("Credit Facility") is based on Adjusted Working Capital, and as such, it is considered a key metric for Management to monitor.

		June 30, 2014		December 31, 2013
Working Capital (GAAP measure)	$	(1,179,990)	$	(44,713)
Less: Prepaid expenses and other current assets		(164,566)		(165,738)
Add: Unearned revenue, current portion		1,091,411		882,528
Adjusted Working Capital (Non-GAAP measure)	**$**	**(253,145)**	**$**	**672,077**

The significant decrease in adjusted working capital between December 31, 2013 and June 30, 2014 is primarily attributable to the Series 1 Preference Shares becoming classified as a current as a current as opposed to long term liability. The Series 1 Preference Shares are redeemable at the option of the holder or the Company after March 31, 2015, for a total principal amount of $750,000. However, the Ontario *Business Corporations Act* prohibits the Corporation from redeeming any redeemable shares issued by "if there are reasonable grounds for believing that the corporation is or, after the payment, would be unable to pay its liabilities as they become due." Unless the Company is able to significantly increase its net operating cash inflows, raise additional funds through debt and/or equity financing, or some combination thereof, the Company will be prohibited from redeeming any Series 1 Preference Shares.

Had the book value of the Series 1 Preference Shares included in current liabilities been excluded from the calculation above, Adjusted Working Capital would have been $451,184 at June 30, 2014, and $672,077 at December 31, 2013.

Further contributing to the significant decrease in adjusted working capital is the timing of insurance, professional fees and regulatory fees which are primarily incurred in the first and second quarters of the year.

Cash flows provided by (used in) operating, financing and investing activities for the six months ended June 30, 2014 and 2013 are presented below.

Cash flow provided by (used in)		**Six months ended June 30, 2014**		**Six months ended June 30, 2013**
Operating activities	$	(11,173)	$	(34,115)
Financing activities		(35,082)		397,232
Investing activities		(129,970)		(118,466)
	$	**(176,225)**	**$**	**244,651**

The change from $397,000 generated from financing activities in the first six months of 2013 to a use of $35,100 in the same period for 2014 is primarily attributable to an equity financing for gross proceeds of $500,000 which was completed in January 2013, for which a similar financing was not completed in the first quarter of 2014. The other changes in cash used are not significant.

The following are the carrying amounts and the remaining contractual cash outflows, including estimated interest payments, of financial liabilities at June 30, 2014.

		Contractual cash outflows				
As at June 30, 2014	**Carrying Amounts**	**Total**	**within 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Accounts payable and accrued liabilities	$ 931,969	$ 931,969	$ 931,969	$ -	$ -	$ -
Secured term credit facility	577,931	783,750	30,000	753,750	-	-
Preference Shares	704,329	856,353	856,353	-	-	-
Debt financing of vehicles	16,920	19,580	3,982	3,982	11,616	-
Operating leases	-	204,386	114,108	90,278	-	-
Purchase commitment	-	3,200,000	-	200,000	1,500,000	1,500,000
	$ 2,231,149	$ 5,996,038	$ 1,936,412	$ 1,048,010	$ 1,511,616	$ 1,500,000

The Company is obligated to pay a bonus interest amount with respect to the Credit Facility at the maturity of the loan. An estimated bonus interest amount of $130,000 has been included in the above-noted contractual cash outflows. A very high degree of uncertainty exists with respect to Management's estimates of the future financial results upon which this bonus interest amount will be calculated. Actual results could differ materially from these estimates.

In addition to the above-noted contractual cash outflows, the Company expects to incur future capital expenditures, primarily with respect to replacement of its image capture equipment and expansion of its computer hardware which hosts the Company's imagery. Data capture equipment, which includes vehicles, cameras and lenses, is replaced as this equipment is depleted or the purchase of improved equipment is determined to be appropriate. The extent of these capital expenditures will largely be driven by the extent of the Company's future image capture activities, the age of existing equipment and the implementation of a new image capture platform. The Company expects that capital expenditures required over the remainder of 2014 will be approximately $100,000.

In order to fund its day-to-day operations and repay the Company's longer term obligations as they become due, the Company must significantly increase its net operating cash inflows, raise additional funds through debt and/or equity financing, or some combination thereof.

Dividends

In March 2012, the Company issued 750,000 Series 1 Preference Shares at a subscription price of $1.00 per share. These Series 1 Preference Shares carry a cumulative dividend rate of 12% per annum and are convertible into Common Shares and Common Shares purchase warrants at the option of the holder, subject to certain conversion requirements. To date, the Company has not met the requirements under the Ontario *Business Corporations Act* to declare or pay the cumulative dividends on the Series 1 Preference Shares that would otherwise have been payable. In the near term, the Company intends to reinvest its available cash resources, in excess of its operating and capital needs, to support its business development and growth initiatives, and as such, it is not expected that dividends will be declared on any of the Company's shares, including the Series 1 Preference Shares, until at least June 2015.

The Series 1 Preference Shares' accrued but unpaid dividends may be converted into Common Shares at the option of the holder. For the three months ended June 30, 2014, accrued dividends of $19,897 were converted to 99,482 common shares. Subsequent to June 30, 2014, accrued dividends of $17,652 were converted to 110,316 Common Shares.

As at June 30, 2014, the amount of accrued dividends on the Series 1 Preference Shares totaled $39,286, and as at the date hereof, such accrued dividends totalled $35,688.

Off-Balance Sheet Arrangements

As at June 30, 2014, 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, and the Company does not expect to enter into any in the near to mid-term.

Financial Instruments

iLOOKABOUT's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, finance lease liability, provision and current and long-term debt. Management does not believe that these financial instruments expose iLOOKABOUT to any significant interest, currency or credit risks.

Transactions with Related Parties

One of the premises occupied by the Company is rented on an annual basis from a company which is partially owned by an officer and director of the Company. The Company paid rent of $3,000 to the related company in the three months ended June 30, 2014. This transaction is in the normal course of operations and is disclosed at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Directors and Senior Officers of the Company participated in the March 2012 private placement of Preference Shares, holding a total of $255,000 of the $750,000 Preference shares outstanding. As noted above, where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into Common Shares. For the three months ended June 30, 2014, Directors and Senior Officers converted a total of $7,461 accrued dividends into 37,305 Common Shares. The terms of the Series 1 Preference Shares are the same for both related and non-related parties.

A company owned by one of the current Directors and Officers of iLOOKABOUT has a consulting agreement with the Company, the principal terms of which were negotiated prior to the Director becoming a related party. Under this agreement, as amended, the Director has received, as a recoverable draw, $30,000 and $60,000 for the three and six months ended June 30, 2014.

As noted above under the heading *Current Overview and Outlook*, the Company has entered into negotiations with YCP to licence and/or purchase certain technology assets from YCP. Two of the principals of YCP are the sons of an officer and director of the Company.

Changes in Accounting Policies

The Company has adopted the following accounting pronouncements during the Period, details of which are included in the Company's 2013 year-end annual consolidated financial statements.

- IAS 32, Financial Instruments: Presentation
- IAS 36, Impairment of Assets

These standards did not have a significant impact on the Company's interim financial statements.

Use of Non-GAAP Financial Measures

Management has included a non-GAAP financial measure, "Adjusted Working Capital", to supplement information contained in the MD&A. This non-GAAP measure does not have any standardized meaning prescribed under IFRS and therefore it may not be comparable to similar measures employed by other issuers. Adjusted Working Capital is defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities. The measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management believes that Adjusted Working Capital provides more meaningful information with respect to the liquidity of the Company.

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. 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.

Additional Information

Additional information relating to iLOOKABOUT, including the Company’s 2013 Annual Consolidated Financial Statements and Annual Information Form for the year ended December 31, 2013, can be found on SEDAR at www.sedar.com.