iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2011 (the "*Period*")

The information set forth below has been prepared as at April 25, 2012, 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, 2011, including the accompanying notes (the "2011 Consolidated Financial Statements"), which can be found on SEDAR at 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 at www.sedar.com.

The 2011Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first annual consolidated financial statements prepared in accordance with IFRS and IFRS 1, First-Time Adoption of IFRS ("*IFRS 1*"). Prior to adoption of IFRS, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP") The Company adopted IFRS effective January 1, 2010. Further discussion related to the impact of the transition to IFRS is noted where appropriate throughout this MD&A, including, but not limited to, the section "Transition to IFRS" below.

All dollar figures referred to herein are Canadian dollars unless otherwise stated. The Company's presentation currency is the Canadian dollar.

A cautionary note regarding forward-looking statements and non-GAAP measures follow in the sections "*Forward Looking Statements*" and "*Non-GAAP Financial Measures*" below.

Company Background

The Company currently carries on the majority of its business through its wholly-owned Ontario incorporated and located subsidiary, iLOOKABOUT Inc. iLOOKABOUT (US) Inc. conducts the Company's data capture operations and licensing sales in the United States.

iLOOKABOUT is an early market participant in street level, geo-spatial imaging. The Company uses proprietary hardware and software systems for capturing, processing and geo-coding StreetScape image data from a moving vehicle. Each high-resolution image is captured with a digital camera and geo-coded using publicly available GPS systems 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 image database is compatible with all major mapping applications (Google, Yahoo, Bing, Pictometry, ESRI, Intergraph, Bentley, Autodesk, etc.) and is accessible through iLOOKABOUT's secure web service, which permits the seamless integration of imagery into partner or end user applications. In 2010, the Company developed and launched GeoViewPort™, a GIS application which enables the user to generate a customized portal to view StreetScape imagery in combination with related data such as validated addresses, property values, property features, etc. Several value-added reseller agreements have been established by the Company to provide this additional data.

iLOOKABOUT intends to continue to build its image database in North America and select cities in the United Kingdom and to license its image data to businesses in a variety of vertical markets, including property assessment, insurance, real estate, government agencies, and financial institutions. Management believes that the Company has captured critical mass for Canada, and is now able to market its StreetScape product at a national level in this country. Refresh activities for properties in Canada have commenced to ensure the currency of such imagery.

The Company has achieved significant success in developing strategic partnerships and relationships, including those that it has with the Municipal Property Assessment Corporation ("*MPAC*") and SCM Risk Management Services in Canada, and Pictometry International, Lexur Appraisal Services and Appraisal Resource Revaluation Group, LLC in the US, to facilitate broad distribution and utilization of StreetScape imagery and related data.

Current Overview and Outlook

Revenue decreased from $2,959,445 to $2,735,899 for the years ended December 31, 2010 and 2011 respectively. While significant revenue growth was achieved in the Canadian insurance market and the Canadian and US property assessment markets, this growth was more than offset by the impact of the decision of a licensee to discontinue access to StreetScape imagery for many of its end-user customers, the expiry of a US real estate agreement, the expiry of a Canadian municipal sector agreement early in the fourth quarter of 2010 and subsequently renewed in late 2011, and non-recurring revenue streams for custom work delivered in 2010.

The Company's total operating expenses decreased from $4,760,736 to $4,646,985 for the years ended December 31, 2010 and 2011 respectively. Data capture and processing expenses required to support new and existing sales agreements in 2011 increased compared to 2010, as did material costs to support an increase in value added reseller sales associated with the StreetScape offering. However, these increases were more than offset by: decreased sales related costs due to the elimination of a sales position and reduced but more targeted participation in trade shows and other marketing activities and decreased share based compensation related fewer employee stock option grants in 2011 versus 2010.

The Company's revenue from operations continue to be insufficient to fund the Company's expenses. Furthermore, the Company had a working capital deficiency of $293,534 at December 31, 2011. (2010 – working capital surplus of $968,067). Adjusted working capital (a non-GAAP measure; see section entitled *"Use of Non-GAAP Financial Measures"*) defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities, was $112,597 as at December 31, 2011 (2010 - $985,507) and consisted of the working capital items noted above with the exception of prepaid expenses, other current assets, and current unearned revenue.

The Company significantly improved its financial position subsequent to the reporting period, by completing a private placement of Series 1 Preference Shares for gross proceeds of $750,000 which funds were released upon the Company achieving the conditions precedent of the financing, and establishing a credit facility for up to three disbursements totaling $2,000,000 upon the attainment of pre-determined financial and sales related performance milestones. The sales and financial performance milestones to trigger the first disbursement from this credit facility were met by the Company in March 2012, resulting in the receipt of $600,000.

However, the Company's ability to continue operations is dependent on, but not limited to, Management's ability to successfully execute its business plan, including a substantial increase in revenue while maintaining an appropriate level of expenses, and/or a need to raise additional funds through debt or equity financings.

Significant developments in 2011 include:

- Significantly grew presence in the US property assessment market.

- Launched the Automated Valuation Model ("AVM") Comparable Report to the mortgage and lending market for residential property valuations. This report is supported transactionally by ecommerce and currently covers approximately 4.5 million residential properties in Ontario. The Company intends to expand this product to other parts of Canada in 2012 as data sources are licensed.

- Executed a multi-year extension to the Company's contract with SCM Risk Management Services to provide StreetScape imagery and geo-coding services to the iClarify application for an expanded national territory. The contract amendment expands the StreetScape offering to British Columbia, Alberta, and the Maritime Provinces. The expanded image capture was completed in 2011. Nearly all costs related to the capture, processing and delivery of imagery were incurred and expensed prior to the commencement of the delivery of service and thus the commencement of revenue recognition.

- In early August the Company received notice that one of its licensees made a decision to discontinue access to StreetScape imagery for several of its end-user customers, effective August 15, 2011. Quarterly revenue related to these discontinued services approximates $280,000. See the section "Liquidity, Financing Activities and Capital Resources" herein for further discussion related to this item.

- Initiated the development of GeoViewPort™ release 2.0.

- Developed a geo-referencing application which enabled the Company to secure an agreement, to process approximately 40,000 historic fire insurance plans and atlases.

- Developed a cloud-based property survey record index application which enabled the Company to secure an agreement with a regional survey association.

- Designed and completed testing of a new image hosting infrastructure.

Significant developments completed in 2012 subsequent to year end include:

- Executed a multi-year services contract with the Municipal Property Assessment Corporation ("MPAC") with respect to the provision of digital imagery and related spatial products and services. This contract establishes the Company as the vendor of record for street level and ortho-imagery as well as spatial data. MPAC is responsible for administering a province-wide property assessment system for Ontario. According to MPAC's web site, Ontario is one of the largest property assessment jurisdictions in the world, assessing nearly five million properties. This recent sales win confirms the Company's growing acceptance within the property assessment market.

- Completed a private placement of 750,000 Series 1 Preference Shares for gross proceeds of $750,000.

- Established a credit facility for up $2,000,000 subject to the attainment by iLOOKABOUT of pre-determined financial and sales related performance milestones. The performance milestones to trigger the first disbursement were met by the Company in March 2012, resulting in a disbursement of $600,000. These funds will be used to support the aggressive pursuit of new growth opportunities, including the expansion of iLOOKABOUT's product/service offering.

Analysis of Selected Financial Information, Overall Performance and Results of Operations

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's 2011 Consolidated Financial Statements, which can be found on SEDAR at www.sedar.com.

Selected Annual Information

		Audited				
Years ended December 31		**2011 (under IFRS)**		**2010 (under IFRS)**		**2009 (under Canadian GAAP)**
Revenue	$	2,735,899	$	2,959,445	$	2,170,280
Loss		(1,914,079)		(1,811,427)		(1,889,314)
Comprehensive loss		(1,907,311)		(1,824,653)		(1,889,314)
Loss per share (basic and diluted)		(0.05)		(0.04)		(0.05)
Total assets		1,177,667		1,993,841		3,204,434
Total liabilities		1,567,206		675,623		771,658

Throughout 2009, the Company continued to execute its cost containment plans, which were primarily related to data capture and human resource related cost reductions. Despite these reductions, the Company was able to complete the capture of a "critical mass" of data for the Canadian marketplace and advance its StreetScape technology platform. Leveraging these assets, and focusing on the Company's objective of developing and utilizing strategic partnerships, the Company generated revenue of $2,170,280 for the year ended December 31, 2009. In 2009, the Company continued its aggressive cost containment measures, however, revenue was not sufficient to exceed expenses, and the loss was $1,889,314 for the year.

In 2010, the Company focused its efforts on continuing the development of strategic partnerships to build broader distribution channels and to develop an expanded product and service offering to enhance the value of StreetScape imagery. Over the course of 2010, iLOOKABOUT secured several agreements to act as a reseller of data that can be integrated with StreetScape imagery, enhancing the value and differentiation of the StreetScape product. To enable this federation of data, the Company developed a geographic information system ("*GIS*") application, GeoViewPort™, which was launched late in 2010. Also over the course of 2010, the Company was able to expand its product offering by partnering with the industry's leading automated valuation model ("*AVM*") supplier to develop a unique valuation product, the iLOOKABOUT AVM Comparable Report, which incorporates StreetScape imagery. This product, which was piloted in 2010 and early 2011 and launched commercially in March 2011, is supported by ecommerce and is distributed via GeoViewPort™. Sales growth in the insurance market in Canada and the assessment market in Canada and the United States were the primary drivers of revenue growth from $2,170,280 for 2009 to $2,959,445 for 2010.

As noted above, over the course of 2010, the Company focused on the enhancement and expansion of its product and service offering, which required increased expenditures in the areas of human resource costs related to business and application development and third party content costs to support the delivery of new services introduced in 2010. Data capture and processing related costs also increased on a year over year basis to support new and existing sales arrangements. In 2010, the Company recorded an impairment loss on its long lived assets of $71,534, with no such loss recorded in 2009. The combination of increased revenue, offset by increased expenditures and an impairment loss, resulted in a moderate decrease in comprehensive loss from $1,889,314 to $1,824,653 for the years ended December 31, 2009 and 2010 respectively.

The Company focused its growth efforts on the property assessment and insurance markets over the course of 2011. In the US property assessment market, the total contract value of new agreements entered more than tripled in fiscal 2011 to over $1,600,000, as compared to approximately $510,000 for fiscal 2010. Significant revenue growth was obtained in the insurance vertical, primarily through expansion of the Company's product and service offering. While the Company achieved significant revenue growth within the property assessment and insurance markets, this was offset by the combination of the decision of a licensee to discontinue access to its StreetScape imagery for many of its end-use customers late in the third quarter, the expiry of a US real estate sector agreement, the expiry of a Canadian municipal sector agreement early in the fourth quarter of 2010 that was subsequently renewed in the fourth quarter of 2011, and non-recurring revenue streams for custom work delivered in 2010. Revenue decreased from $2,959,445 to $2,735,899 for fiscal 2010 and 2011, respectively.

In 2011, total operating expenses, which include direct operating, technology, selling and business development, and general and administration expenses, decreased from $4,760,736 to $4,646,985 for the years ended December 31, 2010 and 2011, respectively. This decrease is primarily the result of decreased sales related expenses due to the elimination of a sales position, more targeted focus with respect to tradeshows and marketing and reduced stock compensation expense. These cost reductions were somewhat offset by increased data capture and processing expenses required to support new and existing sales agreements and increased human resource costs in the areas of product development and the image hosting infrastructure. The resulting impact of the above noted items was an increase in the Company's comprehensive loss from $1,824,653 to $1,907,311 for 2010 and 2011, respectively.

In July 2009, iLOOKABOUT completed a private placement, which occurred in two closings. Gross proceeds of this financing were $2,198,700. Despite continuing sales growth and continued cost control, the Company has not yet been able to achieve sustainable positive net cash inflows and did not derive funds from equity or debt financing in 2010 or 2011, resulting in a decrease in total assets from 2009 to 2010 and from 2010 to 2011. Further contributing to the decrease in total assets in 2010 was an impairment loss of $71,534 recorded against long lived assets. Total liabilities decreased from $771,658 as at December 31, 2009 to $675,623 as at December 31, 2010, and increased to $1,567,206 as at December 31, 2011. These fluctuations are primarily attributable to changes in the unearned revenue balance. Unearned revenue relates to payments received from customers in advance of providing StreetScape services and for which revenue has not yet been earned.

Summary of Quarterly Results

	Three months ended				Year ended
	March 31	**June 30**	**Sept 30**	**Dec 31**	**Dec 31**
Fiscal 2011	Unaudited				Audited
Revenue	$ 577,366	$ 719,885	$ 579,647	$ 859,001	$ 2,735,899
Loss	(454,378)	(511,208)	(524,051)	(424,442)	(1,914,079)
Comprehensive loss	(412,945)	(539,609)	(632,422)	(322,335)	(1,907,311)
Loss per share, rounded (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)
Fiscal 2010	Unaudited				Audited
Revenue	$ 704,386	$ 698,780	$ 879,188	$ 677,091	$ 2,959,445
Loss	(287,409)	(696,437)	(259,423)	(568,158)	(1,811,427)
Comprehensive loss	(260,346)	(766,626)	(256,575)	(541,106)	(1,824,653)
Loss per share, rounded (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.01)	(0.04)

Cumulative Quarterly Results Summary

	Three Months Ended Mar 31	Six Months Ended June 30	Nine Months Ended Sept 30	Year Ended Dec 31
Fiscal 2011 (under IFRS)	Unaudited			Audited
Revenue	$ 577,366	$ 1,297,250	$ 1,876,897	$ 2,735,899
Loss	(454,378)	(965,586)	$ (1,489,637)	$ (1,914,079)
Comprehensive loss	(412,945)	(952,554)	$ (1,584,976)	$ (1,907,311)
Loss per share, rounded (basic and diluted)	(0.01)	(0.02)	(0.04)	(0.05)
Fiscal 2010 (under IFRS)	Unaudited			Audited
Revenue	$ 704,386	$ 1,403,166	$ 2,282,354	$ 2,959,445
Loss	(287,409)	(983,846)	$ (1,243,269)	(1,811,427)
Comprehensive loss	(260,346)	(1,026,972)	$ (1,283,547)	(1,824,653)
Loss per share, rounded (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.04)

Revenue and Operating Expense Analysis

	Unaudited		Audited	
	Three months ended December 31, 2011	Three months ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2010
Revenue	**$ 859,001**	**$ 677,091**	**$ 2,735,899**	**$ 2,959,445**
Direct operating expense	514,265	387,455	1,954,919	1,819,964
Gross Margin	**344,736**	**289,636**	**780,980**	**1,139,481**
Other operating expenses:				
Technology	170,890	225,339	797,219	768,435
Selling and business development	142,520	161,359	644,349	801,512
General and administration	351,828	438,482	1,250,498	1,370,825
	665,238	825,180	2,692,066	2,940,772
Loss from operations before the undernoted	**(320,502)**	**(535,544)**	**(1,911,086)**	**(1,801,291)**
Finance income (costs), net	(269)	1,343	1,392	(714)
Foreign exchange losses	(103,671)	(33,957)	(4,385)	(9,422)
Loss	**$ (424,442)**	**$ (568,158)**	**$ (1,914,079)**	**$ (1,811,427)**
Other comprehensive income (loss):				
Foreign exchange gain (loss) on the translation of foreign operations	102,107	27,052	6,768	(13,226)
Comprehensive loss	**$ (322,335)**	**$ (541,106)**	**$ (1,907,311)**	**$ (1,824,653)**
Loss per share (basic and diluted)	**$ (0.01)**	**$ (0.01)**	**$ (0.05)**	**$ (0.04)**

Revenue

Revenue increased 27% to $859,001 for the three months ended December 31, 2011, compared to the same period in fiscal 2010. This increase in revenue is attributable to growth achieved in the property assessment and insurance markets. In the US property assessment market, the nature of the Company's offering is typically delivery of a single best image per property and multi-year web based access to the imagery database. Revenue related to the best image is recognized upon delivery, and revenue related to multi-year imagery database access is recognized evenly over the term of the agreement, both of which occur following collection and processing of the imagery.

In 2011, the timing of completion of data collection and post collection processing was later than in the prior year, resulting in the fourth quarter having more deliveries, as compared to this period in 2010. Offsetting the increase in revenue in this quarter was the expiry of a US real estate sector agreement and the cancellation late in the third quarter of 2011of services related to a Canadian licensee.

Revenue decreased from $2,959,445 to $2,735,899 for the years ended December 31, 2010 and 2011, respectively. This decline is attributable to the above noted items, as well as the expiry of a Canadian municipal sector agreement early in the fourth quarter of 2010 that was subsequently renewed in the fourth quarter of 2011 and non-recurring revenue streams for custom work delivered in 2010.

The Company's US-based revenue decreased from $772,809 to $616,413 for the years ended December 31, 2010 and 2011, respectively. This decrease is largely attributable to the expiry of a multi-year agreement with a US customer in late 2010, offset largely by the Company's revenue growth in the US property assessment market in 2011.

Direct Operating Expense

This expense category is composed primarily of direct operating costs of sales, including amortization related to equipment and vehicles.

This expense increased from $387,455 to $514,265 for the three months ended December 31, 2010 and 2011 respectively. Data capture and processing expense was greater in the fourth quarter of 2011 than 2010 due to a combination of increased data capture requirements to support new sales agreements and a later start in the data capture season in 2011. As discussed in the "Revenue" section, in 2011 the timing of completion of data collection and post collection processing was later than in the prior year, resulting in the fourth quarter having more deliveries, as compared to this period in 2010 which had more deliveries in the third quarter. Royalties, which are recognized over the same period as the associated revenue, were correspondingly greater in the fourth quarter of 2011 than 2010. Further, approximately $30,000 of funding was received under the Industrial Research Assistance Program, which funding was recorded as a reduction of direct operating expense, in the fourth quarter of 2010, with no funding received under this program in the fourth quarter of 2011. Material costs to support an increase in value added reseller sales associated with the StreetScape offering also contributed to an increase in direct operating expense. These increases were offset somewhat by a decrease in commissions which are impacted by the nature and timing of new contracts executed.

Direct operating expense increased from $1,819,964 to $1,954,919 for the years ended December 31, 2010 compared to 2011. This increase was primarily driven by increased data capture and processing costs to support new and existing sales agreements and increased material costs to support an increase in value added reseller sales associated with the StreetScape offering.

Gross margin

Gross margin as a percent of revenue decreased from 43% to 40%, and from 39% to 29% for the three months and years ended December 31, 2010 and 2011 respectively. In accordance with financial reporting requirements, direct operating expenses are recognized and reported as incurred, whereas revenue is generally recognized and reported as service is delivered, which can be over a period of several years. Given the nature of the Company’s offering, the result is operating expenses being reported in advance of revenue recognition, reducing gross margin as a percent of revenue. Due to operating expenses often not being recognized in the period in which the related revenue is recognized, the Company does not consider gross margin as a percent of revenue a useful measure of the financial performance of the Company when comparing periods.

Technology expense

This expense is composed primarily of salaries, contractor fees and support costs related to the Company’s technology functions.

This expense decreased from $225,339 to $170,890 for the three months ended December 31, 2010 and 2011, respectively. In the fourth quarter of 2010 an impairment loss on intangible assets of $71,534 was recorded, with no such loss recorded in 2011.

The increase in technology expense from $768,435 to $797,219 for the years ended December 31, 2010 and 2011, respectively is attributable to increased technology-related human resource costs incurred to further product development and the Company’s image hosting infrastructure.

Selling and business development expense

This expense is comprised primarily of salaries and support costs related to the selling and business development function, as well as promotion-related expenses.

This expense decreased from $161,359 to $142,520 for the three months ended 2010 and 2011, and decreased from $801,512 to $644,349 for the years ended 2010 and 2011. The primary drivers of the year over year decrease in this expense are reduced sales related human resource and marketing costs related to the elimination of a sales position, reduced but more targeted participation in tradeshows and other marketing activities, and decreased share based compensation related to a reduction in stock option grants in 2011 versus 2010.

General and administration expense

This expense is composed primarily of salaries and related support costs of corporate, finance and administration staff; general costs of office administration such as rent and communications; regulatory and compliance costs; insurance and professional fees; and amortization related to office equipment and leasehold improvements.

This expense decreased from $438,482 to $351,828 for the three months ended December 31, 2010 and 2011, and from $1,370,825 to $1,250,498 for the years ended 2010 and 2011. Professional fees, primarily related to the conversion to international financial reporting standards, resulted in increased general and administration expense in 2011; however, this increase was more than offset by the continued focus on cost reduction and decreased share based compensation related to a reduction in stock option grants in 2011 versus 2010.

Foreign exchange gains and losses

Under CGAAP, foreign exchange on transactions and the translation of subsidiaries designated as integrated operations were included in foreign exchange gains (losses) recognized in profit (loss) in the period. Under IFRS, like CGAAP, transaction-related foreign exchange gains and losses are reported in profit (loss). However unlike CGAAP, under IFRS, if the functional currency of a subsidiary is different than the functional currency of the reporting entity, the financial statements of the subsidiary are translated using the current rate method upon consolidation and the translation gains (losses) are recorded as other comprehensive income (loss). The functional currency of iLOOKABOUT (US) Inc., a wholly-owned subsidiary of iLOOKABOUT Corp., is the US dollar; therefore, the financial statements of this subsidiary under IFRS are translated to the reporting currency using the current rate method, with related foreign exchange gains (losses) reported as other comprehensive loss.

For the three months ended December 31, 2011 a foreign exchange loss of $103,671 is included in determining loss and a foreign exchange translation gain of $102,107 is included in determining other comprehensive loss. For the three months ended December 31, 2010 a foreign exchange loss of $33,957 is included in determining loss and a foreign exchange translation gain of $27,052 is included in determining other comprehensive loss.

For the year ended December 31, 2011 foreign exchange loss of $4,385 is included in determining the loss and a foreign exchange translation gain of $6,768 is included in determining other comprehensive loss. For the year ended December 31, 2010 foreign exchange loss of $9,422 is included in determining the loss and a foreign exchange loss of $13,226 is included in determining other comprehensive loss.

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 data capture. As the Company's image capture activity to date has primarily been focused in Canada, the northeastern region of the US and the UK, the majority of costs associated with image capture are incurred in the second and third quarters of the year. As the Company expands its image capture to the southern US, the impact of seasonality on image capture will be less significant.

Assets, Liabilities and Share Capital Analysis

		December 31, 2011 (Audited)		**December 31, 2010 (Audited)**
Assets	$	1,177,667	$	1,993,841
Liabilities	$	1,567,206	$	675,623
Share and warrant capital	$	10,671,015	$	10,350,496
Common shares outstanding		40,710,417		40,685,417
Options and warrants outstanding		9,025,058		9,446,673

Assets

Total assets held by the Company at December 31, 2011 and December 31, 2010 were comprised of cash and cash equivalents, short-term investments, trade and other receivables, prepaid expenses and other current assets, and equipment. Short-term investments were composed of guaranteed investment certificates and treasury bills, with maturity dates at purchase of greater than three months but less than one year.

The Company has not yet achieved positive operating net cash inflows in any year and did not derive funds from equity or debt financing during 2010 or 2011. As a result, the Company has experienced a decrease in total cash and cash equivalents and short-term investments from $1,182,580 as at December 31, 2010 to $303,437 as at December 31, 2011.

Trade and other receivables increased from $137,725 at December 31, 2010 to $259,616 at December 31, 2011. This increase relates primarily to the concentration of project deliveries late in 2011 as compared to a concentration of deliveries in the third quarter of 2010, thus impacting the timing of collection of these receivables.

Prepaid expenses and other current assets increased from $159,583 at December 31, 2010 to $179,903 at December 31, 2011. Prepaid expenses relate primarily to prepaid royalties and insurance. The increases in both trade and other receivables and prepaid royalties are attributable to an increase in sales contracts entered in 2011 compared to 2010, for which a significant portion of the total contract value is billed, and the related royalty remitted, at the inception of the contract. Royalties are recognized, and prepaid royalties drawn down, in the same manner as the related revenue.

Equipment, net of accumulated amortization, decreased from $513,953 at December 31, 2010 to $434,711 at December 31, 2011, mainly due to amortization of these assets. During 2011 the Company acquired additional computer hardware, data capture equipment and vehicles totaling $185,154 and had disposals totaling $3,471, net of accumulated amortization.

Liabilities

As at December 31, 2011, the Company's liabilities totaled $1,567,206, of which $438,933 represented accounts payable and accrued liabilities, $1,116,750 represented unearned revenue, and $11,523 represented finance lease liability. As at December 31, 2010, the Company's liabilities totaled $675,623, of which $334,798 represented accounts payable and accrued liabilities and $340,825 represented unearned revenue. Unearned revenue relates to payments received from customers in advance of providing services and for which revenue has not yet been earned.

Share capital, warrant capital and contributed surplus

The details of changes in share capital, warrant capital and contributed surplus are summarized below.

Table - Share and warrant capital summary

		December 31, 2011		December 31, 2010		January 1, 2010	
	Expiry date	Issued	Amount	Issued	Amount	Issued	Amount
Authorized:							
Unlimited common shares							
Unlimited preferred shares							
Issued:							
Common shares		40,710,417	$ 8,428,961	40,685,417	$ 8,418,442	39,966,042	$ 7,936,201
Share purchase warrants:							
$0.80 agent warrants	April 1/10	-	-	-	-	515,400	-
$0.55 warrants	July 3/10	-	-	-	-	1,444,375	173,845
$0.55 warrants	July 13/10	-	-	-	-	1,304,000	150,585
$0.40 agent warrants	July 3/11	-	-	231,100	-	231,100	-
$0.40 agent warrants	July 13/11	-	-	208,640	-	208,640	-
$1.00 warrants	April 1/12	6,567,500	2,242,054	6,567,500	1,932,054	6,567,500	1,235,899
		6,567,500	2,242,054	7,007,240	1,932,054	10,271,015	1,560,329
Share capital and warrant capital		47,277,917	$ 10,671,015	47,692,657	$ 10,350,496	50,237,057	$ 9,496,530

Table - Share capital

	Number of shares	Amount
Balance, January 1, 2010	**39,966,042**	**$ 7,936,201**
Warrants exercised	719,375	482,241
Balance, December 31, 2010	**40,685,417**	**$ 8,418,442**
Options exercised	25,000	10,519
Balance, December 31, 2011	**40,710,417**	**$ 8,428,961**

(i) In June 2010, 719,375 of the warrants issued as part of the July 3, 2009 private placement, with an exercise price of $0.55 per warrant, were exercised for aggregate consideration of $395,657. The common shares issued were recorded at $482,241, being the value of the consideration paid plus the book value of the warrants exercised.

(ii) In April 2011, 25,000 options were exercised at a price of $0.125 per share, were exercised.

(iii) Subsequent event - private placement

Subsequent to the reporting period, the Company closed its private placement offering of Series 1 Preference Shares for gross proceeds of $750,000, representing the issuance of 750,000 Series 1 Preference Shares.

The key terms of the Series 1 Preference Shares include the following:

- Redemption Amount of $1.00 per share;
- Fixed preferential cumulative dividends at a rate of 12% per annum, which dividends may be satisfied by the issuance of the common shares in certain circumstances at the option of the holder;
- Convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share until the third anniversary of the issuance of such shares, subject to certain earlier conversion requirements and later conversion rights in specified circumstances, where each Unit consists of one common share and one-half of a warrant to purchase one common share at an exercise price of $0.31 per full warrant, which warrants are exercisable until the last business day preceding the fifth anniversary of the issuance of the Series 1 Preference Shares, subject to certain earlier exercise requirements in specified circumstances;
- Redeemable after the third anniversary of the issuance of such date at the option of the Company or the holder; and
- In addition to any applicable hold periods imposed by the TSX Venture Exchange (“TSXV”) and applicable securities laws, the Company is imposing a contractual hold period on the trade of any Series 1 Preference Shares (and any securities that such shares may be converted into during such contractual hold period) until two full trading days following the public release of the Company’s audited consolidated financial statements for the year ended December 31, 2011.

Directors and officers of iLOOKABOUT subscribed for $465,000 of the $750,000 Private Placement.

Table - Warrant capital

	Number of warrants		Amount
Balance, January 1, 2010	**10,271,015**	**$**	**1,560,329**
Warrant modification	-		696,155
Warrants exercised	(719,375)		(86,584)
Warrants expired	(2,544,400)		(237,846)
Balance, December 31, 2010	**7,007,240**	**$**	**1,932,054**
Warrant modification	-		310,000
Warrants expired	(439,740)		-
Balance, December 31, 2011	**6,567,500**	**$**	**2,242,054**

(a) Warrant Modification

In March 2010, an extension of the term of the Company’s 6,567,500 Series E common share purchase warrants (the “Class E Warrants”) that were issued as part of a private placement which closed on February 22, 2008, was approved by the Board of Directors.

Each full Class E Warrant entitled its holder to purchase one common share of the Company at an exercise price of $1.00 per share. The Class E Warrants were scheduled to expire on April 1, 2010. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2011, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSXV.

The Company has calculated the incremental difference in the fair value of these warrants immediately prior to and after the modification. The fair value of the warrants was determined using a Black-Scholes option pricing model applying the following assumptions prior to and as at the date of extension:

	Pre extension	**Post extension**
Risk free interest rate	1.50%	1.50%
Expected dividend yield	0%	0%
Expected share volatility	102%	104%
Expected life	21 days	386 days

The resulting incremental fair value of $696,155 associated with the common share purchase warrants held by shareholders was recorded as an increase to warrant capital within shareholders' equity (deficiency), with the offset to other reserve, also within shareholders' equity (deficiency).

In March 2011, a further extension of the term of the Company's 6,567,500 Class E Warrants was approved by the Board of Directors. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2012, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSXV.

The Company has calculated the incremental difference in the fair value of these warrants immediately prior to and after the modification. The fair value of the warrants was determined using a Black-Scholes option pricing model applying the following assumptions prior to and as at the date of extension:

	Pre extension	**Post extension**
Risk free interest rate	1.78%	1.78%
Expected dividend yield	0%	0%
Expected share volatility	138%	103%
Expected life	23 days	389 days

The resulting incremental fair value of $310,000 associated with the common share purchase warrants held by shareholders was recorded as an increase to warrant capital within shareholders' equity (deficiency), with the offset to other reserve, also within shareholders' equity (deficiency).

(b) Exercise of Warrants

(i) In June 2010, as noted above, 719,375 of the warrants issued as part of the July 3, 2009 private placement, with an exercise price of $0.55 per warrant, were exercised for aggregate consideration of $395,657. The common shares issued were recorded at $482,241, being the value of the consideration paid plus the book value of the warrants exercised.

(c) Expiry of Warrants

(i) On April 1, 2010, 515,400 of the warrants issued in April 2008 for the purchase of 515,400 common shares at a price of $0.80, expired unexercised.

(ii) On July 3, 2010, 725,000 of the total 1,444,375 warrants issued in July 2009 for the purchase of 725,000 common shares, at a price of $0.55, expired unexercised. The remaining 719,375 warrants were exercised during the year as noted above.
(iii) On July 13, 2010, 1,304,000 of the warrants issued in July 2009 for the purchase of 1,304,000 common shares, at a price of $0.55, expired unexercised.
(iv) On July 3, 2011, 231,100 of the warrants issued in July 2009 for the purchase of 231,100 common shares, at a price of $0.40, expired unexercised.
(v) On July 13, 2011, 208,640 of the warrants issued in July 2009 for the purchase of 208,640 common shares, at a price of $0.40, expired unexercised.

Warrant capital has been reduced and contributed surplus has been increased by the book value of the warrants expired unexercised.

(d) Subsequent event

On February 6, 2012, the Company announced that it will further extend the term of the 6,567,500 Series E common share purchase warrants (the “Class E Warrants”) that were issued as part of a private placement which closed on February 22, 2008.

Each full Class E Warrant entitles its holder to purchase one common share of the Company at an exercise price of $1.00 per share. The Class E Warrants were scheduled to expire on April 1, 2012. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2013, or (ii) on the 30th calendar day following the Company’s common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSXV.

The incremental difference in the fair value of these warrants immediately prior to and after the modification will be recorded as an increase to warrant capital within shareholders’ equity (deficiency), with the offset to other reserve, also within shareholders’ equity (deficiency).

Contributed Surplus

Stock options granted under the Company’s stock option plan are accounted for using the fair value method. Compensation expense is recognized over the period of vesting of options granted, with the counterpart recognized in contributed surplus. Upon exercise of stock options, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus.

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. The Company used a Black-Scholes option pricing model to estimate the fair value. Upon exercise of these warrants, share capital is recorded at the sum of the proceeds received and the related amount of contributed surplus.

The following table presents changes in contributed surplus.

Balance, January 1, 2010	**$**	**1,209,136**
Share-based compensation		314,439
Expiry of warrants		237,845
Balance, December 31, 2010	**$**	**1,761,420**
Share-based compensation		196,430
Exercise of stock options		(7,394)
Balance, December 31, 2011	**$**	**1,950,456**

Stock Options

Table - Stock Options

	Number of Options	Weighted Average Exercise Price	Weighted Average Share Price	Weighted Average Years to Expiry
Outstanding January 1, 2010	1,768,300	$ 0.42	$ 0.44	3.4
Granted	870,000	$ 0.43	$ 0.48	
Forfeited	(198,867)	$ 0.45	$ 0.10	
Outstanding December 31, 2010	2,439,433	$ 0.42	$ 0.48	3.2
Granted	608,125	$ 0.33	$ 0.34	
Exercised	(25,000)	$ 0.13	$ 0.38	
Forfeited	(565,000)	$ 0.42	$ 0.52	
Outstanding December 31, 2011	2,457,558	$ 0.40	$ 0.43	2.8

(a) Options granted

Personnel entitled and Grant Date	Options Granted	Exercise Price	Vesting conditions	Contractual life of options
Key management personnel:				
September 14, 2007	208,300	$ 0.480	Fully vested upon grant.	5 years
January 2, 2009	120,000	$ 0.220	Fully vested upon grant.	5 years
May 29, 2009	125,000	$ 0.380	Vesting is 50% upon grant and 50% at January 1, 2010	5 years
March 15, 2010	115,000	$ 0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
June 1, 2010	200,000	$ 0.600	Fully vested upon grant.	5 years
December 1, 2010	255,000	$ 0.380	Fully vested upon grant.	5 years
May 25, 2011	281,875	$ 0.370	Fully vested upon grant.	5 years
December 30, 2011	276,250	$ 0.300	Fully vested upon grant.	5 years
Other employees and contractors:				
May 14, 2007	160,000	$ 0.125	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
July 18, 2007	175,000	$ 0.125	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
September 4, 2007	125,000	$ 0.125	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
October 1, 2007	335,000	$ 0.460	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
September 22, 2008	400,000	$ 0.375	Fully vested upon grant.	5 years
November 18, 2009	250,000	$ 0.480	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
March 15, 2010	300,000	$ 0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
April 25, 2011	50,000	$ 0.290	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years

Note: Key management personnel is defined as the directors and officers of the Company.

(b) Options forfeited

(i) In 2010, 60,000 options having an exercise price of $0.37 and 138,867 options having an exercise price of $0.48 were forfeited.

(ii) In 2011, 35,000 options having an exercise price of $0.37, 100,000 options having an exercise price of $0.60, 30,000 options having an exercise price of $0.46, and 400,000 options having an exercise price of $0.375 were forfeited.

(c) Options exercised

(i) In April 2011, 25,000 options were exercised at a price of $0.125 per share.

(d) Subsequent event

(i) Subsequent to the reporting period, on April 25, 2012, a total of 300,000 stock options were granted to employees at an exercise price of $0.12 based on closing share price day before grant. These options expire five years after the grant date if not earlier exercised or terminated, and vest over a period of three years.

Outstanding Share Data

As at the date of this MD&A, iLOOKABOUT had 40,710,417 common shares and 750,000 Series 1 Preference Shares issued and outstanding, and outstanding options and warrants to purchase a further 8,920,058 common shares, exercisable at prices ranging from $0.125 to $1.00 per share.

Conversion of all of the issued and outstanding Series 1 Preference Shares would result in the issuance of 2,419,354 common shares and warrants to purchase a further 1,209,677 common shares at an exercise price of $0.31.

See the "*Share capital, warrant capital and contributed surplus*" section above for further detail related to the issuance of common shares and warrants, exercise of warrants and options, and expiry of warrants.

Liquidity, Financing Activities and Capital Resources

The Company is subject to risks including, but not limited to, dependence on key personnel and the potential need to raise additional funds through debt or equity financing to support the Company's development and continued operations and to meet the Company's liabilities and commitments as they become due. Specifically, the Company has a history of operating losses with an accumulated deficit of $11,998,396 (2010 - $10,084,317); shareholders' deficiency of $389,539 (2010 – shareholders' equity of $1,318,218) and a working capital deficiency of $293,534 (2010 – working capital surplus of $968,067).

The working capital deficiency (calculated as current assets less current liabilities) as at December 31, 2011 of $293,534 consisted of cash and cash equivalents of $303,437, trade and other receivables of $259,616, prepaid and other current assets of $179,903, accounts payable and accrued liabilities of $438,933, current unearned revenue of $586,034, and finance lease liability of $11,523. Adjusted working capital (a non-GAAP measure; see section entitled "*Use of Non-GAAP Financial Measures*") defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities, was $112,597 as at December 31, 2011 (2010 - $985,507) and consisted of the working capital items noted above with the exception of prepaid expenses and other current assets, and current unearned revenue. The table below presents a reconciliation of working capital (GAAP measure) to adjusted working capital (non-GAAP).

For the year ended December 31		**2011**		**2010**
Working capital (GAAP measure)	$	(293,534)	$	968,067
Less:				
Prepaid expenses and other current assets		(179,903)		(159,583)
Unearned revenue, current portion		586,034		177,023
Adjusted working capital (non-GAAP measure)	**$**	**112,597**	**$**	**985,507**

Net cash used in operating activities decreased from $1,324,185 to $738,993 for the years ended December 31, 2010 and 2011, respectively, largely due to the increase in unearned revenue, which relates to payments received from customers in advance of providing services and for which revenue has not yet been earned.

The Company's ability to continue operations is dependent on, but not limited to, Management's ability to successfully execute its business plan, including a substantial increase in revenue while maintaining an appropriate level of expenses. Significant doubt continues to exist as to whether the Company will be able to continue as a going concern and to execute on its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements.

The Company significantly improved its financial position subsequent to the reporting period, by completing a private placement of Series 1 Preference Shares for gross proceeds of $750,000 which funds were released upon the Company achieving the conditions precedent of the financing, and establishing a credit facility for up to three disbursements totaling $2,000,000 upon the attainment of pre-determined financial and sales related performance milestones. The sales and financial performance milestones to trigger the first disbursement from this facility were met by the Company in March 2012, resulting in the receipt of $600,000.

Although material uncertainties exist with respect to the events and circumstances required for the continued operation of the Company, at this point in time, the Company has assessed that it is presently able to meet its current financial obligations as they become due.

Commitments and Contractual Obligations

As at December 31, 2011, the Company is committed to minimum payments under operating leases for vehicles and premises in the following amounts:

As at		**December 31, 2011**		**December 31, 2010**		**January 1, 2010**
Due within 1 year	$	119,532	$	39,638	$	114,429
Due from 1 to 5 years		162,444		-		31,444
Due thereafter		-		-		-

In April 2012, the Company acquired a software license that was required under a new customer contract with related financing requiring equal monthly payments totaling $392,680 over a two year term.

Off-Balance Sheet Arrangements

As at December 31, 2011, 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 and cash equivalents, short-term investments, trade and other receivables, accounts payable and accrued liabilities, and finance lease liability. 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 $12,000 to the related company in the year ended December 31, 2011. 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.

During the year, the Company disposed of a vehicle to a related party for proceeds equal to the fair value of the disposed asset resulting in a recognized gain on the disposal. Subsequent to year end, the amount outstanding, related to this transaction was paid by the related party to the Company.

Significant Accounting Policies

Significant accounting policies include but are not limited to the accounting policies listed below. A complete list of the Company's significant accounting policies are contained in the Company's 2011 Consolidated Financial Statements that can be found on SEDAR at www.sedar.com.

Revenue recognition

The Company earns revenue primarily from its StreetScape and related products and services, and professional services.

StreetScape related revenue is generated primarily through the licensing of geo-coded, street-level images. The related revenue is recognized as the product or service is delivered, when persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is considered probable. Revenue for long term licensing contracts is generally recognized over the life of the contract, in accordance with contract terms, as service is provided.

Revenue related to professional services is recognized as service is delivered and collection is considered probable.

Revenue from sales arrangements that include multiple components is allocated amongst the components based on the relative fair value of the components included in the arrangement. An element is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole. The fair value of each component is based on a hierarchy of (1) vendor specific objective evidence ("VSOE") of selling price, if available, (2) third-party evidence ("TPE") of selling price, if VSOE is unavailable, and (3) the cost-plus-margin ("CPM") method if neither VSOE nor TPE is available.

Payments received in advance of service delivery are recorded as unearned revenue and recognized as revenue over the term of the license as service is delivered.

Impairment of non-financial assets

At each reporting date, the Company's non-financial assets, such as equipment and intangible assets, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years.

Lease payments

Operating lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Finance lease payments

Leased assets from which the Company receives substantially all of the risks and rewards of ownership of the asset are capitalized as finance leases and measured initially at the lower of the fair value of the asset and the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded as lease liabilities in the statement of financial position. These liabilities are reduced as payments are made. A finance charge is recognized using the rates implicit in the leases.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognized in each period during the lease term in a manner that produces a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

Transactions denominated in a foreign currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rates of exchange in effect at each reporting date. Foreign exchange gains and losses are recognized in profit or loss.

Assets and liabilities of a foreign operation that has a functional currency other than the Canadian dollar are translated into Canadian dollars at the reporting date exchange rate, and transactions are translated using the exchange rate prevailing at the dates of the transaction. All resulting changes are recognized in other comprehensive loss and in the translation reserve in shareholders' equity (deficiency).

Changes in Accounting Policies

First-time adoption of IFRS

The 2011 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first consolidated financial statements prepared in accordance with IFRS and IFRS 1, First-Time Adoption of IFRS ("*IFRS 1*"). Prior to adoption of IFRS, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP") The Company adopted IFRS effective January 1, 2010.

The impact of adopting IFRS is fully described in the notes to 2011 Consolidated Financial Statements. Management believes the following standard has the most significant ongoing impact to the Company's financial statements and should be considered if comparing IFRS financial statements with the Company's financial statements under CGAAP prior to the adoption of IFRS.

IAS 21 – The Effects of Changes in Foreign Exchange Rates

Under CGAAP, an entity is not explicitly required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses. Under CGAAP, an entity applies criteria to determine only whether a foreign subsidiary's operations is integrated or self-sustaining, in which case the temporal or current methods of translation respectively, are then applied to the subsidiary's financial statement balances and results of operations. Under CGAAP, the Company prepared its financial statements in Canadian dollars and its US subsidiaries were determined to be integrated foreign operations, and were translated using the temporal method.

Under IFRS, the functional currency of the Company and each of its subsidiaries must be assessed independently, giving consideration to the primary economic environment in which each operates. IFRS provides guidance in respect of factors to be considered in determining an entity's functional currency that are similar to those noted in Canadian GAAP, however, unlike Canadian GAAP, IFRS distinguishes between primary and secondary factors in making such an assessment. Based on the assessment under IFRS, Management has determined that the functional currency of iLOOKABOUT (US) Inc. is the US dollar (USD) (Canadian dollar under CGAAP). Accordingly, the change in functional currency has been reflected in reporting the Company's consolidated financial position and results of operations under IFRS.

As a result of this change, non-monetary assets and liabilities are translated at the current rate (historic rate under CGAAP) at each reporting period and the unrealized translation gain or loss for the foreign operation is recognized as part of other comprehensive income (loss) and included in translation reserve in shareholders' equity (deficit), whereas under CGAAP, it was included in loss and deficit.

The Company applied this change in an accounting policy retrospectively in conjunction with the application of the first-time adoption exemption to deem the cumulative translation adjustment to be zero at the Transition Date, leaving shareholders' equity unchanged as at January 1, 2010.

Future Accounting Policy Changes

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards that have not been applied in preparing these consolidated financial statements as their effective dates fall within annual periods beginning subsequent to the current reporting period.

IFRS 7, Financial Instruments: Disclosures

In October 2010, the IASB amended IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). This amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with, an entity's continuing involvement in derecognized financial assets. The amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2012. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 10, Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 *Consolidation-Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 13, Fair Value Measurement

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement* ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures which enable users to assess the methods and inputs used to develop fair value measurements. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IAS 1, Presentation of Financial Statements

In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"). This amendment requires an entity to separately present the items of other comprehensive income as items that may or may not be reclassified to profit and loss. This amended standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IAS 27, Separate Financial Statements

In May 2011, the IASB amended IAS 27, *Separate Financial Statements* ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10 *Consolidated Financial Statements*. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9 *Financial Instruments*. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 9, Financial Instruments

In October 2010, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"). IFRS 9, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2015. The Company is assessing the impact of this new standard on its consolidated 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 that can be found on SEDAR at www.sedar.com.

Significant doubt exists as to whether the Company will be able to execute on its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements.

Should the Company be unable to generate sufficient cash resources through its operating activities, iLOOKABOUT will need to raise additional funds to be utilized for general working capital purposes, marketing and business development activities, additional data capture and continued research and development activities. These funds may be raised through public or private equity or debt financings, collaborative arrangements with third parties and/or from other sources. iLOOKABOUT cannot be assured that additional financing will be available on terms acceptable to them, if at all. Any such financing may have a dilutive effect on the holdings of shareholders.

As of the date of this MD&A, the Company had secured a credit facility for up to $2,000,000 based on the Company achieving pre-determined financial and sales related performance milestones. In March 2012, the Company achieved the performance milestones required to trigger the first disbursement. No assurance can be provided that the Company will achieve the remaining performance milestones.

Further discussion with respect to the above noted risks is contained in the section "Liquidity, Financing Activities and Capital Resources".

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, calculated as current financial assets less current financial liabilities, 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 2011 Consolidated Financial Statements and Annual Information Form, may be found on SEDAR at www.sedar.com.