iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2012 (the "*Period*")

The information set forth below has been prepared as at April 25, 2013, 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, 2012, including the accompanying notes (the "2012 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") for the year ended December 31, 2012 can also be found on SEDAR at www.sedar.com.

The 2012 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures referred to herein are Canadian dollars unless otherwise stated. The Company's presentation currency is the Canadian dollar.

Company Background

iLOOKABOUT is a visual and data intelligence company serving commercial and government enterprises in the 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 under the symbol ILA. Its Series 1 Preference Shares are not listed on any exchange.

Current Overview and Outlook

Revenue increased from $2,735,899 to $3,270,791 for the years ended December 31, 2011 and 2012, respectively. The revenue generated from the property assessment and insurance verticals was significantly greater in 2012 than 2011, and more than offset the negative impact related to the cancellation of services of a Canadian licencee in the third quarter of 2011 and the expiry of a financial sector agreement in the fourth quarter of 2011.

For the years ended December 31, 2011 and 2012, the Company's gross margin increased from $780,980 to $2,113,073, respectively. Gross margin as a percent of revenue increased from 29% to 65% for the years ended December 31, 2011 and 2012, respectively. This increase is mainly attributable to:

- recognized custom development and hardware configuration revenue, with nominal increases in expenditures required to deliver these services;
- increased US-based StreetScape licence revenue related to contracts obtained in fiscal 2011 for which a portion of revenue is being recognized over the multi-year terms of these agreements, but for which the related cost of image capture was incurred in fiscal 2011;
- on a year-over-year basis, new US-based contracts have decreased significantly in 2012 compared to 2011, resulting in significantly reduced image capture expenditures in 2012; and

- decreased royalty expense primarily attributable to the cancellation of services of a Canadian licencee in the third quarter of 2011 which entailed royalties.

Comprehensive loss decreased from $1,907,311 to $786,306 for the years ended December 31, 2011 and 2012, respectively. This decrease is primarily attributable to the gross margin improvements discussed above. These improvements in comprehensive loss were offset somewhat by the cumulative dividends on the Series 1 Preference Shares ("Preference Shares"), which are treated as a finance cost for financial reporting purposes; the accretion of deferred finance and other costs; interest expense on a term credit facility established late in the first quarter of 2012; interest expense related to the financing of a software licence established early in the second quarter of 2012; and an increase in the allowance for doubtful accounts due to a decision in the third quarter of 2012 to fully provide for one customer account that had previously been partially allowed for.

Significant developments in 2012 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 MPAC's 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 contract was executed late in the first quarter of 2012.

- Completed image capture for Ontario regions scheduled for the 2012 season to support the MPAC multi-year services contract;

- Completed and released additional functionality within the Company's GIS application that enable users to perform desktop reviews using iLOOKABOUT's GeoViewPort™.

- Released a solution to reduce ortho-imagery processing time required in order to host ortho-imagery tiles from weeks to hours.

- Completed an integration of two industry leading Computer Assisted Mass Appraisal ("*CAMA*") systems with iLOOKABOUT's GeoViewPort, enabling the end customer to derive significantly more value from existing data within their CAMA systems.

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

- Established a credit facility for up to $2,000,000 (the "*Credit Facility*"), subject to the attainment of predetermined 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 pursuit of new growth opportunities, including the expansion of iLOOKABOUT's service offering.

- In April 2012, the Company executed an agreement to finance the purchase of a software licence, to be re-licenced to an existing customer, in the amount of $354,820. This financing agreement requires equal monthly payments of $16,361 over a two year term.

- In June 2012, the Company announced that it did not meet the requirements under the Ontario *Business Corporations Act* to declare or pay the cumulative dividends on the Preference Shares that would otherwise have been payable and that it intends to reinvest its available cash resources, in excess of its operating and capital needs, over the twelve months following June 2012 to support its business development and growth initiatives, and as such, no dividends will be declared on any of the Company's shares, including the Preference Shares, until at least June 2013.

Significant developments completed subsequent to the reporting period:

- In January 2013, the Company completed a private placement for gross proceeds of $499,837.

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 2012 Consolidated Financial Statements, which can be found on SEDAR at www.sedar.com.

Selected Annual Information

	Audited		
Years ended December 31	**2012**	**2011**	**2010**
Revenue	$ 3,270,791	$ 2,735,899	$ 2,959,445
Loss	(827,348)	(1,914,079)	(1,811,427)
Comprehensive loss	(786,306)	(1,907,311)	(1,824,653)
Loss per share (basic and diluted)	(0.02)	(0.05)	(0.04)
Total assets	2,072,788	1,177,667	1,993,841
Total liabilities	2,949,723	1,567,206	675,623

In 2010, the Company focused its efforts on continuing the development of strategic partnerships to build broader distribution channels and to develop an expanded 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 aggregation of data, the Company developed a GIS application, GeoViewPort™, which was launched late in 2010.

As noted above, over the course of 2010, the Company focused on the enhancement and expansion of its service offering, which required increased expenditures in the areas of human resource costs related to business and application development, as well as third party content costs. Data capture and processing related costs also increased on a year-over-year basis to support new and existing sales arrangements.

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 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 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 licencee to discontinue access to its StreetScape imagery for many of its end-user customers late in the third quarter of 2011, the expiry of a US real estate sector agreement, the expiry of a Canadian municipal sector agreement early in the fourth quarter of 2010 (which agreement 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 initiatives, 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 revenue and expense items was an increase in the Company's comprehensive loss from $1,824,653 to $1,907,311 for 2010 and 2011, respectively.

In March 2012, the Company secured a multi-year services contract with MPAC, which was a primary driver of the growth in revenue for 2012 as compared to 2011. Revenue growth in the insurance vertical also contributed to the year-over-year growth in revenue from $2,735,899 to $3,270,791. Offsetting this growth was the impact of a decision by a licencee to discontinue access to its StreetScape imagery for many of its end-use customers late in the third quarter of 2011.

Comprehensive loss decreased significantly in 2012 to $(786,306), as compared to $(1,907,311) for 2011. This improvement is largely attributable to: revenue growth; decreased data capture costs; decreased royalty expense; and decreased selling costs. Further discussion with respect to these fluctuations is provided in the "Current Overview and Outlook" and "Overall Performance and Results of Operations" sections.

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 $1,993,841 to $1,177,667 for the years ended December 31, 2010 and 2011, respectively. The increase in total assets to $2,072,788 as at December 31, 2012 was primarily driven by a private placement completed in March 2012 for gross proceeds of $750,000, receipt of a disbursement under a term credit facility for gross proceeds of $600,000 in March 2012 and an intangible addition of a software licence with a book value of $235,500 at December 31, 2012. Offsetting these increases was a depletion of cash due to the fact that the Company has not yet achieved ongoing positive net cash flows.

Total liabilities increased from $675,623 to $1,567,206 as at December 31, 2010 and 2011, respectively. This increase was almost entirely attributable to an increase in unearned revenue. Unearned revenue relates to payments received from customers in advance of providing StreetScape services and for which revenue has not yet been earned. Total liabilities increased from $1,567,206 to $2,949,723 for the years ended December 31, 2011 to 2012, which increase was almost entirely attributable to the Company taking on long term debt for the first time in 2012. Unearned revenue did not fluctuate significantly from 2011 to 2012.

Overall Performance and Results of Operations

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's 2012 Consolidated Financial Statements for the year ended December 31, 2012 (the "***Reporting Date***"), which can be found on SEDAR at www.sedar.com.

	Three months ended				Year ended
	March 31	**June 30**	**Sept 30**	**Dec 31**	**Dec 31**
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)
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 (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)

	Unaudited		Audited	
	Three months ended December 31, 2012	Three months ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Revenue	**$ 854,540**	**$ 859,002**	**$ 3,270,791**	**$ 2,735,899**
Direct operating expenses	277,999	514,267	1,157,718	1,954,919
Gross margin	**576,541**	**344,735**	**2,113,073**	**780,980**
Other operating expenses:				
Technology	233,904	170,890	951,299	797,219
Selling and business development	164,737	142,520	486,761	644,349
General and administration	300,010	351,828	1,288,945	1,250,498
	698,651	665,238	2,727,005	2,692,066
Profit (loss) from operations	**(122,110)**	**(320,503)**	**(613,932)**	**(1,911,086)**
Finance income (costs), net	(91,646)	(269)	(174,788)	1,392
Foreign exchange gains (losses)	22,122	(103,670)	(38,628)	(4,385)
Profit (loss) for the period	**$ (191,634)**	**$ (424,442)**	**$ (827,348)**	**$ (1,914,079)**
Other comprehensive income:				
Foreign exchange gain (loss) on the translation of foreign operations	(23,629)	102,107	41,042	6,768
Comprehensive loss for the period	**$ (215,263)**	**$ (322,335)**	**$ (786,306)**	**$ (1,907,311)**
Loss per share (basic and diluted)	**$ -**	**$ (0.01)**	**$ (0.02)**	**$ (0.05)**

Revenue

Revenue decreased 1% to $854,540 for the three months ended December 31, 2012, compared to the same period in fiscal 2011. While there was significant growth in revenue in the assessment vertical in Canada in the third quarter of 2012 compared to the same period in 2011, this was more than offset by a combination of the following:

- 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. The transactional revenue related to the "best image" is recognized upon delivery, whereas the 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. Project deliveries of this type were significantly greater in the fourth quarter of 2011 than the same period in 2012.

- Several non-recurring revenue streams occurred in the fourth quarter of 2011, with no comparable projects occurring in the fourth quarter of 2012.

Revenue increased 20% from $2,735,899 to $3,270,791 for the years ended December 31, 2011 and 2012, respectively. The revenue generated from the property assessment and insurance verticals was significantly greater in 2012 than 2011, and more than offset the negative impact related to the cancellation of services of a Canadian licencee in the third quarter of 2011 and the expiry of a financial sector agreement in the fourth quarter of 2011.

The Company's US-based revenue decreased from $616,413 to $559,368 for the years ended December 31, 2011 and 2012, respectively.

For the year ended December 31, 2012, three customers each accounted for more than 10% of total revenue, and together represent approximately 80% of total revenue, as compared to three customers representing approximately 71% of revenue for the year ended December 31, 2011.

Gross margin

Gross margin as a percent of revenue increased from 40% to 67% for the three months ended December 31, 2011 and 2012, respectively. This increase is mainly attributable to increased US-based StreetScape licence revenue related to contracts delivered late in fiscal 2011 for which a portion of revenue is being recognized over the multi-year terms of these agreements, but for which the related cost of image capture was incurred in fiscal 2011.

Gross margin as a percent of revenue increased from 29% to 65% for the years ended December 31, 2011 and 2012, respectively. This increase is mainly attributable to the above noted items with respect to the fourth quarters, as well as the following:

- Custom development and hardware configuration related revenue related to several agreements provided for non-recurring revenue with a nominal increase in expenditures required to deliver these services, primarily which occurred in the third quarter of 2012;

- On a year-over-year basis, new US-based contracts have decreased significantly in 2012 compared to 2011, resulting in significantly reduced image capture expenditures in 2012; and

- Decreased royalty expense primarily attributable to the cancellation of services of a Canadian licencee in the third quarter of 2011 which entailed royalties.

Comprehensive loss

Comprehensive loss decreased from $(322,335) to $(215,263) for the three months ended December 31, 2011 and 2012, respectively. For the year ended December 31, 2011 and 2012, comprehensive loss decreased from $(1,907,311) to $(786,306). These improvements in comprehensive loss are attributable to the improved gross margins discussed above. These positive movements in comprehensive loss were offset somewhat due to the accrued dividends on the Preference Shares treated as a finance cost for financial reporting purposes; the accretion of deferred finance costs; interest expense on a term credit facility established late in the first quarter of 2012; interest expense related to the financing of a software licence established early in the second quarter of 2012; and an increase in bad debt expense due to a decision made by the Company in the third quarter of 2012 to provide a full allowance on one customer account that had previously been partially allowed for.

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, 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. 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 45,678,914 common shares and 750,000 Series 1 Preference Shares issued and outstanding, and outstanding options and warrants to purchase a further 7,304,951 common shares, exercisable at prices ranging from $0.12 to $0.60 per share.

Conversion of all of the issued and outstanding 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 shares and warrants, exercise of warrants and options, and expiry of warrants.

Liquidity and Capital Resources

The Company has a history of operating losses with an accumulated deficit of $12,825,744 (December 31, 2011 - $11,998,396); shareholders' deficiency of $876,935 (December 31, 2011 – $389,539) and working capital surplus (deficiency) of $343,163 (December 31, 2011 –$(293,534)).

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, 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 secured term credit facility is based on Adjusted Working Capital, therefore, it is considered a key metric for Management to monitor.

		December 31, 2012		December 31, 2011
Working Capital (GAAP measure)	$	343,163	$	(293,534)
Less: Prepaid expenses and other current assets		(164,055)		(179,903)
Add: Unearned revenue, current portion		528,446		586,034
Adjusted Working Capital (Non-GAAP measure)	**$**	**707,554**	**$**	**112,597**

Cash flows provided by (used in) operating, financing and investing activities for the year ended December 31, 2012 and 2011 are presented below.

Cash flow provided by (used in)		**December 31, 2012**		**December 31, 2011**
Operating activities	$	(396,552)	$	(738,994)
Financing activities		1,508,770		(16,820)
Investing activities		(345,657)		854,594
	$	**766,561**	**$**	**98,780**

The following are the carrying amounts and the remaining contractual cash outflows, including estimated interest payments of financial liabilities at December 31, 2012.

As at December 31, 2012	Carrying Amounts	Contractual cash flows Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 476,787	$ (476,787)	$ (476,787)	$ -	$ -	$ -
Operating leases	-	(162,444)	(116,229)	(44,772)	(1,443)	-
Secured term credit facility	559,016	(801,974)	(30,000)	(30,000)	(741,974)	-
Preference shares	621,161	(937,729)	-	-	(937,729)	-
Debt financing of software licence	244,253	(261,787)	(196,340)	(65,447)	-	-
	$ 1,901,217	$ (2,640,721)	$ (819,356)	$ (140,219)	$ (1,681,146)	$ -

The Company is obligated to pay a bonus interest amount with respect to the secured term credit facility at the maturity of the loan. An estimated bonus interest amount of $103,000 has been included in the above noted contractual cash flows. 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 flows, 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 primarily including vehicles, cameras and lenses, is replaced as this equipment is depleted or improved equipment is determined to be appropriate. The extent of these capital expenditures will largely be driven based on the extent of future image capture activities. The Company expects that capital expenditures required in 2013 will be approximately $300,000.

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

The Company's Credit Facility allows the Company to draw up to $2,000,000 if certain criteria are met. The Credit Facility provides for the distribution of the financing in stages, subject to the Company meeting specified sales and financial performance milestones, which had not been met as at December 31, 2012. In March 2012, the Company achieved the required sales and financial performance milestones to trigger the first disbursement of $600,000 and received these funds in March 2012. To trigger the release of the second and third disbursement of funds available under the Credit Facility, the Company must meet predetermined sales and financial performance milestones. Further, the Company must continue to maintain predetermined financial ratios which represent ongoing funding requirements of the Credit Facility. As at December 31, 2012 and the date of this MD&A, the Company was in compliance with these financial ratios.

Dividends

In March 2012, the Company issued 750,000 Preference Shares at a subscription price of $1.00 per share. These Preference Shares carry a cumulative dividend rate of 12% per annum and are convertible into common shares and warrants at the option of the holder, subject to certain conversion requirements. In June 2012, the Company announced that it does not meet the requirements under the Ontario *Business Corporations Act* to declare or pay the cumulative dividends on the Preference Shares that would otherwise have been payable. At that time it also announced that it intends to reinvest its available cash resources, in excess of its operating and capital needs, over the twelve months following June 2012 to support its business development and growth initiatives, and as such, no dividends will be declared on any of the Company's shares, including the Preference Shares, until at least June 2013.

As noted above, accrued dividends can be converted to common shares at the option of the holder. To the date of this MD&A, the following such conversions have occurred:

- In October 2012, accrued dividends of $39,442 were converted to 219,188 common shares;
- In January 2013, accrued dividends of $19,509 were converted to 130,056 common shares; and
- In April 2013, accrued dividends of $23,320 were converted to 141,323 common shares.

Off-Balance Sheet Arrangements

As at December 31, 2012, 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, 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 $12,000 to the related company in the year ended December 31, 2012. 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.

Changes in Accounting Policies

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. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2012. Management has assessed the impact of this amendment and determined there is no impact on the Company's financial statements.

Future Accounting Policy Changes – not yet adopted

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

IFRS 9, Financial Instruments
In October 2010, the IASB issued IFRS 9, *Financial Instruments* ("*IFRS 9*"). IFRS 9, which replaced 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. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 has not yet been determined.

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 intends to adopt IFRS 10, including the amendments issued in June 2012, in its financial statements for the annual period beginning

on January 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

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. The Company intends to adopt IFRS 12, including the amendments issued in June 2012, in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 12 to have a material impact on the financial statements, because of the nature of the Company's interests in other entities.

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. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

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 OCI as items that may or may not be reclassified to profit and loss. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

IAS 19 *Employee Benefits*

In June 2011 the IASB published an amended version of IAS 19, *Employee Benefits*. The amendments impact termination benefits, which would now be recognized at the earlier of when the entity recognizes costs for a restructuring within the scope of IAS 37 *Provisions*, and when the entity can no longer withdraw the offer of the termination benefits. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

IAS 32 and IFRS 7, Offsetting Financial Assets and Liabilities

In December 2011, the IASB amended IAS 32 *Financial Instruments: Presentation* and IFRS 7 *Financial Instruments: Disclosures*. This amendment clarified the circumstances under which an entity has a legally enforceable right to offset financial assets and financial liabilities, and contains new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar arrangements. The Company intends to adopt the amendments to IFRS 7 in its financial statements for the annual period beginning on January 1, 2013, and the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

Annual Improvements to IFRSs – 2009-2011 Cycle

In May 2012, the IASB published Annual Improvements to IFRSs – 2009-2011 Cycle as part of its annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to the following four standards with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements
    - Comparative information beyond minimum requirements
    - Presentation of the opening statement of financial position

- IAS 16 Property, Plant and Equipment
    - Classification of servicing equipment

- IAS 32 Financial Instruments: Presentation
    - Income tax consequences of distributions

- IAS 34 Interim Financial Reporting
    - Segment assets and liabilities

The Company intends to adopt the amendments to the standards in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

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 for the year ended December 31, 2012, which can be found on SEDAR at www.sedar.com.

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 2012 Consolidated Financial Statements and Annual Information Form for the year ended December 31, 2012, may be found on SEDAR at www.sedar.com.