iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months from January 1, 2013 to June 30, 2013 (the "*Period*")

The information set forth below has been prepared as at August 27, 2013, and is derived from, and should be read in conjunction with, iLOOKABOUT Corp.'s ("*iLOOKABOUT*" or the "*Company*") unaudited condensed interim consolidated financial statements (the "*Interim Financial Statements*") for the three and six months ended June 30, 2013, including the accompanying notes, 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.

These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("*IAS 34*") using accounting policies consistent with International Financial Reporting Standards ("*IFRS*"). By their nature, the Interim Financial Statements do not include all the information required for full annual financial statements, and so should be read in conjunction with the Company's 2012 audited annual consolidated financial statements prepared in accordance with IFRS which can also be found on SEDAR at www.sedar.com.

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

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 public market.

Current Overview

Significant developments in the second quarter of 2013 included:

- On April 1, 2013, 6,567,500 Series E Warrants previously issued for the purchase of 6,567,500 Common Shares at a price of $1.00 expired unexercised.
- Secured a multi-year agreement which provides the Company with the right to licence certain property information with respect to properties located in the Province of Ontario. This property information will enable the Company to develop and sub-licence custom property analysis reports to end users. This agreement represents a purchase commitment as it contains annual minimum purchase requirements commencing in the second year of the contract. See the "Liquidity and Capital Resources" section for further detail.
- The Company did not meet the financial milestones to trigger the second disbursement of $500,000 under the Company's secured term credit facility.

Overall Performance and Results of Operations

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's Interim Financial Statements for the three and six months ended June 30, 2013 (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 2013	Unaudited				
Revenue	$ 813,710	$ 881,128			
Loss	(78,608)	(318,023)			
Comprehensive income (loss)	(117,326)	(381,588)			
Loss per share (basic and diluted)	-	(0.01)			
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		**Unaudited**	
	Three months ended June 30, 2013	**Three months ended June 30, 2012**	**Six months ended June 30, 2013**	**Six months ended June 30, 2012**
Revenue	**$ 881,128**	**$ 901,066**	**$ 1,694,838**	**1,450,186**
Direct operating expenses	380,678	373,228	651,051	645,562
Gross margin	**500,450**	**527,838**	**1,043,787**	**804,624**
Other operating expenses:				
Technology	253,471	250,821	505,712	465,476
Selling and business development	144,775	118,724	252,159	210,194
General and administration	436,603	417,606	680,381	682,002
	834,849	787,151	1,438,252	1,357,672
Profit (loss) from operations	**(334,399)**	**(259,313)**	**(394,465)**	**(553,048)**
Finance income (costs), net	(57,498)	(39,990)	(114,740)	(40,156)
Foreign exchange gains (losses)	73,874	50,007	112,574	7,305
Profit (loss) for the period	**$ (318,023)**	**$ (249,296)**	**$ (396,631)**	**$ (585,899)**
Other comprehensive income:				
Foreign exchange gain (loss) on the translation of foreign operations	(63,565)	(57,184)	(102,283)	(9,377)
Comprehensive loss for the period	**$ (381,588)**	**$ (306,480)**	**$ (498,914)**	**$ (595,276)**
Loss per share (basic and diluted)	**$ (0.01)**	**$ (0.01)**	**$ (0.01)**	**$ (0.01)**

Revenue

Revenue decreased 2% to $881,128 for the three months ended June 30, 2013 compared to the same period of the prior year. This change is due primarily to the delivery of one-time custom development services in the second quarter of 2012 with no comparable service deliveries in the second quarter of 2013. Revenue increased 17% to $1,694,838 for the six months ended June 30, 2013 compared to the same period in fiscal 2012. This increase is primarily attributable to revenue generated from a multi-year agreement initiated late in the first quarter of 2012.

The Company's US-based revenue increased from $201,012 to $226,046 and from $261,757 to $419,939 for the three and six months ended March 31, 2012 and 2013, respectively. The majority of this increase was attributable to two US property assessment projects delivered in the first and second quarters of 2013, whereas in 2012 significant US projects were not delivered until the fourth quarter.

For the three and six months ended June 30, 2013, three customers each accounted for more than 10% of the Company's total revenue, and together represented approximately 79% and 75% of total revenue, respectively as compared to three customers representing approximately 84% and 81% of revenue for the three and six months ended June 30, 2012, respectively.

Gross margin

Gross margin as a percent of revenue decreased from 59% to 57% for the three months ended June 30, 2012 and 2013, respectively, which was primarily due to the decrease in revenue for the second quarter of fiscal 2013 compared to the same period in the prior year. For the six months ended June 30, 2012 and 2013 gross margin as a percent of revenue increased from 55% to 62%. This increase was attributable to the increase in revenue in the first quarter of 2013 noted above, and nominal change in direct operating expenses. The Company's most significant direct operating expense is image capture and processing related costs.

Comprehensive loss

Comprehensive loss increased from $306,480 to $381,588 for the three months ended June 30, 2012 and 2013, respectively, primarily due to the decrease in revenue generated in the second quarter of 2013, an increase in finance costs, an increase in sales-related travel, and the addition of a sales support position. Comprehensive loss decreased from $595,276 to $498,914 for the six months ended June 30, 2012 and 2013, respectively. This decrease is primarily attributable to the year-to-date revenue improvements discussed above, but was offset significantly by the increase in finance costs and sales-related costs noted.

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 expenses will be less significant.

Outstanding Share Data

As at the date of this MD&A, iLOOKABOUT had 45,740,565 Common Shares and 750,000 Series 1 Preference Shares issued and outstanding, and outstanding options and warrants to purchase a further 7,846,219 Common Shares, exercisable at prices ranging from $0.12 to $0.60 per share.

On April 1, 2013, 6,567,500 Series E Warrants previously issued for the purchase of 6,567,500 Common Shares at a price of $1.00 expired unexercised.

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

Liquidity and Capital Resources

The Company has a history of operating losses with a deficit of $13,222,375 (December 31, 2012 - $12,825,744); shareholders' deficiency of $752,164 (December 31, 2012 – $876,935) and working capital of $388,252 (December 31, 2012 –$343,163).

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 under GAAP. Furthermore, given that one of the covenants under the Company's secured term credit facility is based on Adjusted Working Capital, Management considers Adjusted Working Capital to be a key metric to monitor.

	June 30, 2013	December 31, 2012
Working Capital (GAAP measure)	$ 388,252	$ 343,163
Less: Prepaid expenses and other current assets	(196,395)	(164,055)
Add: Unearned revenue, current portion	892,692	528,446
Adjusted Working Capital (Non-GAAP measure)	**$ 1,084,549**	**$ 707,554**

Cash flows provided by (used in) operating, financing and investing activities for the six months ended June 30, 2013 and 2012 are presented below.

Cash flow provided by (used in)	**Six months ended June 30, 2013**	**Six months ended June 30, 2012**
Operating activities	$ (34,115)	$ (334,319)
Financing activities	397,232	1,593,072
Investing activities	(118,466)	(326,327)
	$ 244,651	**$ 932,426**

The changes in cash sources and uses for the six months ended June 30, 2013 as compared to the same period in 2012 are explained below:

- The decrease in cash used in operations is primarily attributable to (i) additional funds generated from a multi-year agreement entered late in the first quarter of 2012 for which six months of billings were generated in the second quarter 2013 as compared to three months in the second quarter of 2012, and (ii) increased deferred revenue in the first six months of 2013 compared to 2012, which represents amounts collected in advance of services provided.

- The decrease in cash generated by financing activities is due to combined financing through debt and share issuances totaling $1,704,820 in the first two quarters of 2012 compared to just an equity financing for gross proceeds of $500,000 in the same period in 2013.

- The decrease in cash used in investing activities is due to the purchase of a significant software licence, to be re-licenced to a customer, in 2012 for which a comparable purchase was not made in 2013. This decrease was offset somewhat by an increase in the purchase of equipment, primarily being the replacement of aging vehicles used for image capture, in the first two quarters of 2013 compared to the prior year.

The following table presents the carrying amounts and the remaining contractual cash outflows, including estimated interest payments of financial liabilities, at June 30, 2013.

		Contractual cash flows				
June 30, 2013	**Carrying Amounts**	**Total**	**within 1 year**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Accounts payable and accrued liabilities	$ 539,633	$ (539,633)	$ (539,633)	$ -	$ -	$ -
Secured term credit facility	565,321	(786,974)	(30,000)	(30,000)	(726,974)	-
Preference Shares	647,731	(937,729)	-	(937,729)	-	-
Debt financing of software licence	156,410	(163,617)	(163,617)	-	-	-
Operating leases	-	(104,713)	(98,939)	(5,774)	-	-
Purchase commitment	-	(3,200,000)	-	-	(1,100,000)	(2,100,000)
	$ 1,909,095	$ (5,732,666)	$ (832,189)	$ (973,503)	$ (1,826,974)	$ (2,100,000)

The Company is obligated to pay a bonus interest amount with respect to the secured term credit facility at maturity of the loan. An estimated bonus interest amount of $103,000 has been included in the above-noted contractual cash flows. A 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 may differ materially from these estimates.

iLOOKABOUT has secured a multi-year agreement which provides the Company with the right to licence certain property information with respect to properties located in the Province of Ontario, which will enable the Company to develop and sub-licence custom reports to end users. This agreement represents a purchase commitment as it contains annual minimum purchase requirements, commencing in the second year of the contract.

In addition to the above-noted contractual cash flows, the Company expects to incur future capital expenditures, primarily in respect of the replacement of its image capture equipment and expansion of its computer hardware which hosts the Company's imagery. Data capture equipment, consisting primarily of vehicles, cameras and lenses, is replaced as this equipment is depleted or the acquisition of improved equipment is determined by Management to be appropriate or advisable. The extent of these capital expenditures will largely be driven by the Company's future image capture activities. The Company expects that capital expenditures required over the next twelve months will be approximately $200,000.

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. Significant doubt exists as to the Company's ability to satisfy its funding requirements.

The Company's secured term credit facility (the "*Credit Facility*") allows the Company to draw up to $2,000,000 in stages, subject to the Company meeting specified sales and financial performance milestones. Should the Company achieve the sales and financial performance milestones, the Company has the option to receive the related disbursements. 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 at that time. To trigger the release of the second and third disbursement of funds available under the Credit Facility, as noted above, the Company must meet predetermined sales and financial performance milestones. The Company was not able to meet the milestones required to trigger the second disbursement and does not expect to achieve the milestones required to trigger the third disbursement. The Company must continue to maintain predetermined financial ratios which represent ongoing funding requirements of the Credit Facility. As at June 30, 2013 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 Series 1 Preference Shares (the "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 to purchase Common Shares 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. In August 2013, the Company confirmed its plans to continue to suspend the declaration of dividends on any of the Company's shares until at least December 31, 2013.

Accrued dividends on the Preference Shares may be converted into Common Shares at the option of the holder. To the date of this MD&A, the following conversions of accrued dividends have occurred during the current fiscal year:

- In January 2013, accrued dividends of $19,509 were converted to 130,056 Common Shares;
- In April 2013, accrued dividends of $23,320 were converted to 141,323 Common Shares; and
- In July 2013, accrued dividends of $16,031 were converted to 61,651 Common Shares.

As at June 30, 2013, accrued dividends totaled $30,661, of which $16,031 was converted to Common Shares in July 2013.

Off-Balance Sheet Arrangements

As at June 30, 2013, 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 risks related to the Company's financial instruments have changed significantly since December 31, 2012. Further detail with respect to these financial instruments and related risks are disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2012.

Transactions with Related Parties

One of the premises occupied by the Company is rented on an annual basis from a company which is partially owned by an officer and director of the Company. The Company paid rent of $3,000 to such company in the three months ended June 30, 2013.

Directors and Senior Officers of the Company participated in the March 2012 private placement of Preference Shares. Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into Common Shares. For the three months ended June 30, 2013, Directors and Senior Officers converted a total of $13,759 accrued dividends into 83,382 common shares. The terms of these Preference Shares are the same as those issued to non-related parties.

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

The Company has adopted the following accounting pronouncements during the period, details of which are included in the Company's 2012 Annual Consolidated Financial Statements. These standards did not have a significant impact on the Company's interim financial statements. Additional fair value disclosure was required with respect to the adoption of IFRS 13, Fair Value Measurement, which is included in note 10.

- IFRS 10, Consolidated Financial Statements
- IFRS 12, Disclosure of Interest in Other Entities

– IFRS 13, Fair Value Measurement
– Amendments to IAS 1, Presentation of Financial Statements
– Amendments to IAS 19, Employee Benefits
– Amendments to IFRS 7, Offsetting Financial Assets and Liabilities
– Annual improvements to IFRS 2009–2011

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