iLOOKABOUT Corp.
Consolidated Financial Statements
Years Ended December 31, 2009 and 2008

To the Shareholders of iLOOKABOUT Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements of the Company and its subsidiaries, including responsibility for significant accounting judgments and estimates. Management's responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. To fulfill these responsibilities, the Board reviews the financial information prepared by management and discusses relevant and significant matters with management. The Board carries out its responsibility principally through its Audit Committee. The Board appoints an Audit Committee, which meets at least quarterly with management and regularly with the external auditors, KPMG LLP. The Audit Committee reports its findings to the Board who ultimately approve the financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

KPMG LLP, an independent firm of Chartered Accountants, was appointed by the shareholders to audit the consolidated financial statements and report directly to them. Their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

"Robin Dyson"
Robin Dyson, CA
Chief Financial Officer
March 5, 2010

"Jeff Young"
Jeff Young
Chief Executive Officer
March 5, 2010

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of iLOOKABOUT Corp. as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

London, Canada

March 5, 2010, except for note 19 which is as of March 15, 2010

iLOOKABOUT Corp.
Consolidated Balance Sheets

As at December 31		2009		2008
Assets				
Current Assets:				
Cash and cash equivalents	$	2,410,006	$	1,581,938
Trade and other receivables		107,775		168,121
Investment tax credits receivable (note 4)		-		258,577
Prepaid expenses and other current assets		150,021		107,764
		2,667,802		2,116,400
Equipment (note 5)		456,161		582,577
Intangible assets (note 6)		80,471		88,313
Total Assets	$	3,204,434	$	2,787,290
Liabilities and Shareholders' Equity				
Current Liabilities:				
Accounts payable and accrued liabilities	$	317,808	$	378,527
Deferred revenue		413,352		107,569
		731,160		486,096
Deferred revenue		40,498		37,500
Shareholders' Equity:				
Share capital (note 9)		7,936,201		6,495,232
Warrant capital (note 9)		1,560,329		1,444,249
Contributed surplus (note 9)		1,209,136		707,789
Deficit		(8,272,890)		(6,383,576)
		2,432,776		2,263,694
Commitments (note 12)				
Subsequent event (note 19)				
Total Liabilities and Shareholders' Equity	$	3,204,434	$	2,787,290

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

"Ronald Breen"
Ronald Breen, FCA
Director

"Jeff Young"
Jeff Young
Director

iLOOKABOUT Corp.
Consolidated Statements of Operations, Comprehensive Loss and Deficit

Years ended December 31		2009		2008
Revenue	$	2,170,280	$	818,877
Operating expenses				
Operations, technology and research		1,419,205		1,976,601
Selling, general and administration		2,428,472		2,501,707
Investment tax credits refunded (note 4)		(148,201)		-
Amortization of equipment		229,469		254,464
Amortization of intangible assets		20,918		35,146
Stock based compensation (note 10)		115,115		225,776
		4,064,978		4,993,694
Loss from operations before the undernoted		(1,894,698)		(4,174,817)
Interest and other income		29,441		48,930
Foreign exchange gain (loss)		(24,057)		22,924
Loss and comprehensive loss for the year	**$**	(1,889,314)	**$**	(4,102,963)
Deficit - beginning of year		(6,383,576)		(2,280,613)
Loss for the year		(1,889,314)		(4,102,963)
Deficit - end of year		(8,272,890)		(6,383,576)

Years ended December 31		2009		2008 (Recast - Note 11)
Weighted average number of shares outstanding (note 11)				
Basic		37,173,634		33,284,569
Diluted		37,717,933		33,594,905
Loss per share				
Basic and diluted	$	(0.05)	$	(0.12)

See accompanying notes to the consolidated financial statements.

iLOOKABOUT Corp.
Consolidated Statements of Cash Flows

Years ended December 31		2009		2008
Operating activities				
Loss for the year	$	(1,889,314)	$	(4,102,963)
Adjustments for non-cash items:				
Loss on disposal of equipment		1,467		965
Amortization of equipment		229,469		254,464
Amortization of intangible assets		20,918		35,146
Stock based compensation (note 10)		115,115		225,776
		(1,522,345)		(3,586,612)
Changes in non-cash working capital:				
Trade and other receivables		60,346		36,731
Investment tax credits receivable		258,577		16,423
Prepaid expenses and other current assets		(42,257)		(51,270)
Accounts payable and accrued liabilities		(60,719)		31,227
Deferred revenue		308,781		145,069
		524,728		178,180
Cash flow used by operating activities		(997,617)		(3,408,432)
Financing activities				
Proceeds from options exercised		6,250		20,050
Proceeds from warrants exercised		16,008		-
Proceeds from issuance of common shares and warrants		1,921,023		4,737,433
Deferred corporate transaction costs		-		100,473
Cash flow from financing activities		1,943,281		4,857,956
Investing activities				
Investment tax credits refunded, capital related (note 4)		122,432		-
Purchase of equipment		(227,052)		(425,404)
Proceeds on disposal of equipment		100		-
Purchase of intangible assets		(13,076)		(42,924)
Cash flow used by investing activities		(117,596)		(468,328)
Increase in cash and cash equivalents during the year		828,068		981,196
Cash and cash equivalents - beginning of year		1,581,938		600,742
Cash and cash equivalents - end of year	$	2,410,006	$	1,581,938
Represented by:				
Cash	$	910,011	$	282,503
Cash equivalents		1,499,995		1,299,435
	$	2,410,006	$	1,581,938
Supplemental Disclosure				
Cash paid for interest expense	$	-	$	-
Cash paid for income taxes		694		-

See accompanying notes to the consolidated financial statements.

1. Nature of Business

iLOOKABOUT Corp. (the "Company") is engaged in the visual knowledge business collecting, processing and geo-coding street-level image data, providing virtual tour services, image management software, custom application programming and professional services .

The Company is incorporated under the laws of the Province of Ontario.

Amalgamation – iLOOKABOUT Inc. and iLOOKABOUT Inventions Inc.

Effective January 1, 2008, under the authority of the Business Corporations Act (Ontario), iLOOKABOUT Inventions Inc. and iLOOKABOUT Inc. were amalgamated and continue under the name of iLOOKABOUT Inc.

Amalgamation – iLOOKABOUT Holdings Inc. and Berkeley Capital Corp. I

On April 1, 2008, iLOOKABOUT Holdings Inc. ("ILAH") amalgamated with Berkeley Capital Corp. I ("Berkeley"), a public company listed on the TSX Venture Exchange ("TSXV") to form a new company with the name iLOOKABOUT Corp. ("iLOOKABOUT" or "the Company") under the provisions of the Business Corporations Act (Ontario).

The amalgamation constituted the qualifying transaction of Berkeley pursuant to the policies of the TSXV and is the means by which the Company has become a public issuer.

Under the amalgamation agreement, the then outstanding Berkeley common shares were exchanged for 2,103,829 common shares of iLOOKABOUT; Berkeley broker warrants were exchanged for 83,320 iLOOKABOUT warrants with an exercise price of $0.48; and Berkeley options were exchanged for 208,300 iLOOKABOUT options with an exercise price of $0.48. The transaction resulted in the shareholders of ILAH retaining a 74.7% interest. The iLOOKABOUT common shares commenced trading on April 7, 2008 with 34,304,492 shares issued and outstanding on that date. See note 9.

As the qualifying transaction and amalgamation resulted in ILAH shareholders acquiring control of the amalgamated company, ILAH is deemed to be the acquirer for financial reporting purposes. The share exchange is therefore considered to be a reverse takeover. As Berkeley was deemed a non-operating public enterprise, the transaction has been accounted for as a capital transaction wherein the net monetary assets of Berkeley are recorded at their fair market values, net of transaction costs to the extent of cash on hand in Berkeley.

The net monetary assets of Berkeley upon amalgamation were as follows:

Monetary assets	$	543,429
Less monetary liabilities		-
Net monetary assets	$	543,429
Less transaction costs		480,067
Amount allocated to share and warrant capital (note 9)	$	63,362
Amount allocated to share capital	$	60,948
Amount allocated to warrant capital		2,414

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Significant accounting policies adopted by the Company are as follows:

(a) Going Concern

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading or has no realistic alternative but to do so within the foreseeable future. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The Company is a start-up company and is subject to risks common to early stage, technology based companies including limited operating history, dependence on key personnel, the potential need to raise additional capital to support the Company's development and operations 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 8,272,890 (December 31, 2008 - $6,383,576), shareholders' equity of $2,432,776 (December 31, 2008 - $2,263,694) and working capital of $1,936,642 (December 31, 2008 - $1,630,304). The Company has not generated sufficient revenues to date which would provide net cash inflows to fund operations. In July 2009, the Company successfully completed a private placement which raised net proceeds of $1,921,023, excluding the fair value of warrants issued to agents which totaled $199,316. However, failure to generate sufficient cash inflows through future sales growth, financing or a combination of these actions, could result in the inability of the Company to continue as a going concern in the future.

The Company's consolidated financial statements do not include adjustments, which could be material, and disclosures that would be required if the going concern assumption was not appropriate.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT Global Inc., and iLOOKABOUT (US) Inc. All material intercompany balances and transactions have been eliminated on consolidation.

(c) Financial Assets and Financial Liabilities

CICA Handbook Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. It requires that financial assets and liabilities be recognized on the balance sheet when the Company becomes a party to the contractual provisions of a financial instrument. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

The Company designated its cash and cash equivalents as held for trading, with gains and losses arising from changes in fair value of these instruments recorded in the consolidated statement of operations and comprehensive loss.

(Note 2 – continued)

Trade and other receivables and investment tax credits receivable are classified as loans and receivables which are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are classified as other liabilities which are also measured at amortized cost using the effective interest method.

(d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term highly liquid investments such as treasury bills and guaranteed investment certificates.

(e) Revenue recognition

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

StreetScape related revenue is generated through the licensing of geo-coded, street-level images. The related revenue is recognized as service is delivered, persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is reasonably assured. Revenue for long term licensing contracts is generally recognized over the life of the contract in accordance with contract terms. Payments received in advance of service delivery are recorded as deferred revenue when the cash is received and recognized as revenue over the term of the license as service is delivered.

Revenue from the Virtual Tour product is recognized when persuasive evidence of an arrangement exists, the product has been delivered, there are no significant uncertainties around product acceptance by the customer, the fees are fixed and determinable and collection is considered probable.

Revenue related to professional services is recognized as service is delivered and collection is reasonably assured.

Revenue from sales arrangements that include multiple elements is allocated between the elements using the residual method when vendor specific objective evidence of the fair value of all undelivered elements exists.

(f) Equipment

Equipment is stated at cost less accumulated amortization, and is amortized over the estimated useful life of the asset based on the following:

Asset	Rate	Method
Computer hardware	30%	declining balance method
Computer software	100%	declining balance method
Equipment - Virtual Tours	20%	declining balance method
Equipment - StreetScape Imaging	2 years	straight-line method
Furniture and equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method
Vehicles	30%	declining balance method

In the year of acquisition, a half-year of amortization is recorded, and no amortization is recorded in the year of disposal.

(Note 2 – continued)

(g) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets with finite useful lives, are amortized over their useful lives. Annually, the Company reviews the useful lives and carrying values of these assets to assess continued appropriateness. The Company also performs impairment tests of these assets more frequently if events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

A long-lived asset is considered to be impaired when the future undiscounted cash flows expected to result from the asset's use and eventual disposition are less than its carrying amount. If a long-lived asset is determined to be impaired, the resulting impairment loss is calculated and recorded as the amount by which the asset's carrying amount exceeds its fair value. Fair value is estimated as the expected future cash flows related to the asset discounted at a rate commensurate with the risks associated with recovery of the asset.

(h) Intangible assets

Intangible assets, including patents and trademarks, are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the asset's estimated useful life of between one to three years for patents, and ten to fifteen years for trademarks. Annually, Management assesses the appropriateness of the estimated useful life of intangibles assets.

(i) Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred, unless such costs meet the criteria for deferral and amortization under GAAP. To date, the Company has not deferred any development costs.

(j) Future income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that are expected to be in effect when the tax assets or liabilities are to be settled or realized. The effect of future changes in tax rates is recognized in income in the period that includes the date of substantive enactment. To the extent that it is not more likely than not that a future tax asset will be realized, a valuation allowance is provided.

(k) Investment tax credits

The Company applies for Federal and Provincial investment tax credits in relation to scientific research and experimental development expenditures incurred. When the Company has reasonable assurance that these investment tax credits will be realized, they are accounted for as a reduction in the related expenditure for items of a current expense nature, and a reduction of the related equipment cost for items of a capital nature.

(Note 2 – continued)

(l) Foreign currency translation

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date with the corresponding gains and losses included in the statement of operations and comprehensive loss.

The accounts of the Company's integrated foreign subsidiary are translated into Canadian dollars using the temporal method, whereby revenue and expenses, except for amortization expense and the draw-down of deferred revenue, are translated using the average exchange rates for the month of the respective transaction. Amortization expense and the draw-down of deferred revenue are translated at historic rates. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect at the balance sheet date. All non-monetary assets and liabilities are translated at the applicable historical rates in effect at the date the transaction occurred. Foreign exchange gains or losses resulting from these translation adjustments are included in the statement of operations and comprehensive loss.

(m) Stock-based compensation

Stock options granted under the Company's stock option plan, as summarized in Note 10, are accounted for using the fair value method. Compensation expense is measured at fair value at the date of grant and is recognized over the period of vesting of options granted, with the counterpart recognized in contributed surplus. Upon exercise of stock options, the exercise proceeds together with amounts previously credited to contributed surplus, are credited to share capital.

(n) Loss per share

Basic loss per share is calculated by dividing loss for the period by the weighted average number of shares outstanding during the period. The treasury stock method is used to compute the dilutive effect of stock options and warrants.

Diluted loss per share is calculated by dividing net loss by the weighted average number of shares outstanding including all additional common shares that would have been outstanding if the proceeds, as a result of the exercise of dilutive stock options and warrants, were used to acquire shares at the average market price during the period.

(o) Use of estimates

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the year in which they become known.

Significant areas requiring the use of management estimates include valuation of future income taxes, valuation of investment tax credits receivable, stock-based compensation, accounting for share and warrant capital, valuation of equipment and intangible assets, and valuation of accounts receivable. Due to the start-up nature of the Company, it is reasonably possible that changes in future conditions could require a material change in recognized amounts.

3. Accounting Policy Changes

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 3064 - Goodwill and Intangible Assets. This Section establishes new standards for the recognition and measurement of intangible assets. Adoption of this standard had no impact on the Company's financial statements.

On January 20, 2009, the CICA issued Emerging Issues Committee Abstract – 173 ("EIC-173"), Credit Risk and the Fair Value of Financial Assets and Liabilities. This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract had no impact on the Company's financial statements.

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The adoption of this abstract had no impact on the Company's financial statements and required no additional disclosures for the Company.

4. Investment Tax Credits

During the year, the Company received refunds from the Canada Revenue Agency with respect to Scientific Research and Experimental Development ("SR&ED") tax credits for the periods of January 1 to December 31, 2007 and 2008.

The amount of the refunds exceeded the original estimate accrued by $270,633 and has been recognized as a reduction of equipment and operating expenses in the current year. Of the $122,432 related to capital items, $41,221 was recorded as a reduction of equipment and $81,211 was recorded against amortization expense for amortization previously taken on the related equipment. The remaining $148,201 has been recorded as a reduction of operating expenses in the statement of operations and comprehensive loss.

5. Equipment

	2009			2008		
	Cost	Accum. Amort'n	Net Book Value	Cost	Accum. Amort'n	Net Book Value
Computer hardware	$ 544,256	$ (275,900)	**$ 268,356**	$ 566,773	$ (221,016)	**$ 345,757**
Computer software	156,844	(111,885)	**44,959**	66,926	(42,378)	**24,548**
Equipment – Virtual Tours	19,786	(14,126)	**5,660**	18,531	(12,868)	**5,663**
Equipment – StreetScape	229,945	(219,698)	**10,247**	246,637	(144,297)	**102,340**
Furniture and equipment	132,835	(64,756)	**68,079**	132,099	(47,829)	**84,270**
Leasehold improvements	48,081	(18,574)	**29,507**	30,431	(12,223)	**18,208**
Vehicles	34,270	(4,917)	**29,353**	4,300	(2,509)	**1,791**
Equipment, net	$ 1,166,017	$ (709,856)	**$ 456,161**	$ 1,065,697	$ (483,120)	**$ 582,577**

6. Intangible assets

	2009	2008
Trademarks and patents	$ 113,834	$ 151,820
Accumulated amortization	(33,363)	(63,507)
Intangible assets, net	$ 80,471	$ 88,313

At least annually, Management conducts its assessment of the potential impairment of long lived assets and the appropriateness of estimates with respect to the useful lives of long lived assets. With respect to intangible assets, composed of patents and trademarks, Management determined there was no impairment of these assets. Given the rapidly changing technology environment and Management’s experience to date regarding the uncertainty of patent application success and timing to obtain patents, in 2008, Management’s assessment determined that the estimated useful life of these assets is from one to three years as compared to an estimated useful life of ten years utilized in prior years. The impact of this change in estimate in 2008, was amortization of approximately $20,000 more than would have been recorded had there been no change in estimated useful life.

7. Income taxes

The recovery of income taxes differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rate of 33.0% (2008 - 33.5%) to the loss before income taxes for reasons as follows:

		Year ended December 31, 2009		Year ended December 31, 2008
Loss before taxes	$	(1,889,314)	$	(4,102,963)
Expected income tax recovery using statutory income tax rates		(623,500)		(1,374,500)
Tax effect of:				
Amounts not deductible for tax		56,200		104,000
Share issuance costs deductible for tax		(70,800)		(168,300)
Change in valuation allowance		274,600		1,279,800
Change in future income tax rates		387,000		365,400
Ontario harmonization credit		(35,700)		(156,000)
Change in scientific research and development incentives		-		214,100
Tax impact of amalgamation		-		(245,000)
Other		12,200		(19,500)
Income tax recovery	$	-	$	-

The tax effects of temporary differences that give rise to future tax assets and liabilities are as follows:

		December 31, 2009		December 31, 2008
Future income tax assets (liabilities):				
Non-capital losses carried forward	$	1,639,100	$	1,421,000
Scientific research and development incentives		468,100		425,800
Ontario harmonization credit		191,700		156,000
Share issuance costs		180,400		194,400
Equipment and intangible assets		71,700		79,200
	$	2,551,000	$	2,276,400
Valuation allowance		(2,551,000)		(2,276,400)
Net future tax assets (liabilities)	$	-	$	-

In assessing the realizability of the future income tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the future income tax assets and available tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criterion, a valuation allowance is provided against the future income tax assets. Management currently believes that the Company does not meet the more likely than not realization criterion and, therefore, future income tax assets have not been recognized in the consolidated financial statements. Accordingly, the Company has recorded a valuation allowance of $2,551,000 and $2,276,400 for the periods ended December 31, 2009 and 2008, respectively.

As at December 31, 2008, the Company has non-capital losses for tax purposes of approximately $6,316,000 that expire between 2010 and 2029.

As at December 31, 2009, the Company also has undeducted Scientific Research and Experimental Development ("SR&ED") expenditures of approximately $2,136,000. These SR&ED expenditures do not expire. In addition, the Company has unused investment tax credits of approximately $301,000.

8. Related party transactions

One of the premises occupied by the Company is rented on an annual basis from a related company owned by an officer and director of the Company. The Company paid rent of $12,000 (2008 - $15,300), which is included in selling, general and administration costs, to the related company.

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.

9. Share capital, warrant capital and contributed surplus

Share and warrant capital

		2009			2008		
	Expiry date	**Issued**		**Amount**	**Issued**		**Amount**
Authorized:							
Unlimited common shares							
Unlimited preferred shares							
Issued:							
Common shares		39,966,042	$	7,936,201	34,384,492	$	6,495,232
Share purchase warrants:							
$0.40 agent warrants	July 13/11	208,640		-	-		-
$0.55 warrants	July 13/10	1,304,000		150,585	-		-
$0.40 agent warrants	July 3/11	231,100		-	-		-
$0.55 warrants	July 3/10	1,444,375		173,845	-		-
$1.00 agent warrants	April 1/10	515,400		-	515,400		-
$1.00 warrants	April 1/10	6,567,500		1,235,899	6,567,500		1,235,899
$0.48 warrants	Sept 17/09	-		-	83,320		2,414
$0.46 agent warrants	Aug 13/09	-		-	34,800		-
$0.46 agent warrants	June 19/09	-		-	217,391		-
$0.69 warrants	April 7/09	-		-	1,576,196		205,936
		10,271,015		1,560,329	8,994,607		1,444,249
Share capital and warrant capital		50,237,057	$	9,496,530	43,379,099	$	7,939,481

(i) On September 17, 2009, 83,320 of the warrants previously issued for the purchase of 83,320 common shares, at a price of $0.48 per share, expired unexercised.

(ii) In August 2009, all of the 34,800 agent warrants previously issued for the purchase of 34,800 common shares, at a price of $0.46 per share were exercised.

(iii) In July 2009, iLOOKABOUT completed a private placement, consisting of two closings, resulting in the issuance of 5,496,750 units for $0.40 per unit. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for an exercise price of $0.55 per share, during the twelve months following the closing of the private placement. Gross proceeds of this financing were $2,198,700. Unit issue costs, including the fair value of warrants issued to agents, totaled $476,993. Agents were issued 439,740 agent warrants in connection with this financing. Each agent warrant entitles the holder to purchase one common share and one-half of one common share purchase warrant for an exercise price of $0.40 during the twenty-four months following the applicable closing of the private placement. Each resulting whole warrant entitles the holder to purchase an additional common share at an exercise price of $0.55 during the twelve months following the applicable closing of the private placement.

(Note 9 – continued)

Total warrants issued to investors and agents in connection with this placement were 3,188,115. As at December 31, 2009, none of these warrants had been exercised.

The $0.55 warrants were allocated $381,803 of the net proceeds based on their *pro-rata* share of the calculated fair value of the total unit fair value at issuance using a Black-Scholes pricing model and assuming: a risk free interest rate of 1.00%; an expected volatility of 154%; an expected life of one year and no expected dividend yield. The agent warrants issued include the option to purchase one common share and one-half of one common share, and were valued utilizing a Black-Scholes pricing model. The valuation of the common share component of these agent warrants utilized the assumptions of: a risk free rate of 1.25%; an expected volatility of 124%; an expected life of two years and no expected dividend yield. The valuation of the one-half common share component of these agent warrants utilized the assumptions of: a risk free rate of 1.00%; an expected volatility of 154%; an expected life of one year and no expected dividend yield.

(iv) On June 19, 2009, 217,391 of the agent warrants previously issued for the purchase of 217,391 common shares, at a price of $0.46, expired unexercised.

(v) On April 7, 2009, 1,576,196 of the warrants previously issued for the purchase of 1,576,196 common shares, at a price of $0.69 per share, expired unexercised.

(vi) Effective April 1, 2008, ILAH and Berkeley amalgamated to form iLOOKABOUT Corp. Pursuant to the amalgamation, common shares, options and warrants of ILAH were exchanged on a one for one basis for iLOOKABOUT Corp. common shares, options and warrants, and each Berkeley common share, option and warrant was exchanged for 0.2083 common shares, options and warrants of iLOOKABOUT Corp. common shares, options and warrants.

(vii) In February 2008, ILAH completed a private placement of 6,567,530 units for $0.80 per unit. Each unit consisted of one common share of ILAH and one common share purchase warrant. Each full warrant entitled the subscriber to purchase one common share of ILAH for an exercise price of $1.00 per share. Gross proceeds of this financing were $5,254,000. Share issue costs, including the fair value of warrants issued to agents, totaled $917,514. Agents were issued 515,400 agent warrants in connection with this financing. Each agent warrant entitles the holder to purchase one common share and one common share purchase warrant for an exercise price of $0.80. The resulting warrant entitles the holder to purchase an additional common share at an exercise price of $1.00. Total warrants issued to investors and agents in connection with this private placement were 7,082,900. As at December 31, 2009, none of these warrants had been exercised.

The $1.00 warrants were allocated $1,235,899 of the net proceeds based on their *pro-rata* share of the calculated fair value of the total unit fair value at issuance using a Black-Scholes pricing model and assuming: a risk free interest rate of 2.75%; an expected volatility of 100%; an expected life of two years and no expected dividend yield. The agent warrants were valued at $337,587 utilizing Black-Scholes model and the same assumptions.

(Note 9 – continued)

The details of changes in common shares and warrants outstanding are summarized in the following tables:

	Number of shares		Amount
Balance, December 31, 2007	**25,633,133**	**$**	**3,288,181**
Shares issued, private placement	6,567,530		3,756,610
Share issue costs	-		(656,023)
Shares issued, amalgamation	2,103,829		60,948
Options exercised	80,000		45,516
Balance, December 31, 2008	**34,384,492**	**$**	**6,495,232**
Shares issued, private placement	5,496,750		1,761,708
Share issue costs	-		(364,431)
Warrants exercised	34,800		22,654
Options exercised	50,000		21,038
Balance, December 31, 2009	**39,966,042**	**$**	**7,936,201**

	Number of warrants		Amount
Balance, December 31, 2007	**1,828,387**	**$**	**205,936**
Warrants issued, private placement	7,082,900		1,497,390
Warrant issue costs	-		(261,491)
Warrants issued, amalgamation	83,320		2,414
Warrants, December 31, 2008	**8,994,607**	**$**	**1,444,249**
Warrants issued, private placement	3,188,115		436,992
Warrant issue costs	-		(112,562)
Warrants exercised	(34,800)		-
Warrants expired	(1,876,907)		(208,350)
Warrants, December 31, 2009	**10,271,015**	**$**	**1,560,329**

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.

(Note 9 – continued)

The following table presents changes in contributed surplus.

Balance, December 31, 2007	**$**	**169,894**
Stock compensation expense		225,776
Fair value of warrants granted to agents		337,587
Exercise of stock options		(25,468)
Balance, December 31, 2008	**$**	**707,789**
Stock compensation expense		115,115
Fair value of warrants granted to agents		199,316
Exercise of stock options		(14,788)
Exercise of warrants		(6,646)
Expiry of warrants		208,350
Balance, December 31, 2009	**$**	**1,209,136**

10. Stock-based compensation

The Company has established a Stock Option Plan ("Plan") whereby the Company may grant options to purchase common shares of the Company to its directors, officers, employees and consultants.

Under the Plan, the number of authorized common shares that may be issued upon the exercise of options granted under the Plan at any time plus the number of common shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time, and such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes.

The Board has authority to determine which eligible persons will be issued options, the number of options to be granted to each, the time when options shall be granted, when such options will vest, when such options will expire, and at what price the options may be exercised.

The following table presents changes in the Company's options:

	Number of Options		Weighted Average Exercise Price		Weighted Average Share Price	Weighted Average Years to Expiry
Outstanding December 31, 2007	795,000	$	0.421	$	0.432	4.0
Granted	400,000		0.220		0.220	
Granted upon amalgamation	208,300		0.380		0.380	
Exercised	(80,000)		0.125		0.384	
Outstanding December 31, 2008	1,323,300	$	0.411	$	0.413	3.5
Granted	495,000		0.392		0.452	
Exercised	(50,000)		0.125		0.384	
Outstanding December 31, 2009	1,768,300	$	0.421	$	0.439	3.4

Of the 1,768,300 unexercised options as at December 31, 2009; 1,518,300 had vested, with exercise prices ranging from $0.125 to $0.60 per share.

(Note 10 – continued)

The fair value of options granted is determined at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2009 Stock Option Plan	2008 Stock Option Plan
Exercise price	$0.22 to $0.48	$0.38
Estimated fair value at grant	$0.22 to $0.60	$0.50
Risk free interest rate	2.00% to 3.00%	3.50%
Expected dividend yield	0%	0%
Expected share volatility	96% to 106%	65.5%
Expected average option life	5 years	5 years

During the year, the Company recorded stock-based compensation expense of $115,115 (2008 - $225,776) related to stock options granted to employees, officers, directors and consultants.

11. Loss per share

Diluted loss per share does not take into account warrants and options, as the effect of common shares issuable upon the exercise of stock options and warrants is anti-dilutive for these periods.

		2009		**2008**
Loss for the year	$	(1,889,314)	$	(4,102,963)
Weighted average number of common shares, options and warrants outstanding:				
Basic		37,173,634		33,284,569
Effect of stock options and warrants		544,299		310,336
Diluted		37,717,933		33,594,905
Loss per share:				
Basic and diluted	$	(0.05)	$	(0.12)

In 2009, the Company's methodology for calculation of the weighted average number of basic and diluted common shares, options and warrants outstanding was revised to conform to the treasury stock method. Under the revised calculation, loss per share for the year ended December 31, 2008 was $0.12 per share as opposed to $0.13 per share as previously presented. There has been no change in net loss for the year ended December 31, 2008.

12. Commitments

The Company is committed to minimum payments under operating leases for vehicles and premises as follows:

2010	$	114,429
2011		31,444

13. Capital management

The Company defines capital as the components of shareholders' equity.

The Company's objectives in managing capital are to:

- Ensure financial capacity to meet current obligations is maintained and continue as a going concern;
- Ensure financial capacity to execute strategic plans is maintained; and
- Prevent capital erosion.

In order to manage capital, the Company regularly identifies and assesses risks that threaten the ability to meet the Company's capital management objectives, and determines the appropriate strategy to mitigate these risks.

The Company is not subject to any externally imposed capital requirements.

14. Financial risk management

The Company is exposed to liquidity risk, credit risk and market risk. To mitigate exposure to these risks, the Company designs and implements risk management strategies that are consistent with its business objectives and risk tolerance. However, these strategies cannot eliminate risk and no assurance can be provided that these strategies will continue to be effective.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations. On an ongoing basis, the Company monitors and manages its actual and projected cash flows, with the primary objectives of maintaining liquidity and financial flexibility.

The contractual obligations of the Company as at December 31, 2009, were composed of accounts payable, accrued liabilities and commitments in the amount of $463,681. The Company's cash and cash equivalent resources totaled $2,410,006 as at December 31, 2009, indicating the Company's ability to meet its current financial obligations. Working capital, defined as current assets less current liabilities, was $1,936,642 as at December 31, 2009. All of the Company's financial liabilities have contracted maturities of less than one year, except as indicated in Note 12.

(b) Credit risk

Credit risk is the risk that counterparties will fail to meet their obligations to the Company, resulting in a loss to the Company.

Cash and cash equivalents

As at December 31, 2009, the Company held cash in bank accounts in the amount of $910,011 and cash equivalents such as treasury bills and guaranteed investment certificates in the amount of $1,499,995 with a Schedule I bank. The Company's investment policy requires that the Company only invest in highly rated investment grade securities, with highly rated financial institutions, in order to minimize exposure to loss.

(Note 14 – continued)

Accounts receivable

Trade credit risk arises from the potential that a customer will fail to meet their contractual obligations as they fall due and is primarily attributable to accounts receivable. To reduce exposure to this risk, the Company has implemented a credit policy which incorporates an approval process for new customers expected to carry significant balances, establishment of credit limits and ongoing monitoring of the credit worthiness of customers with significant credit limits. Further, the Company regularly monitors and manages the aging of accounts receivable.

As at December 31, 2009, accounts receivable related to two customers represented approximately 90% of total trade accounts receivable, of which 100% were collected subsequent to December 31, 2009.

General provisions for doubtful accounts are made based on past experience. Specific provisions are made against trade receivables for any customer that is known to be in poor financial condition or for any other reason it is considered doubtful that the customer's balance outstanding will be settled in full. Of the Company's accounts receivable as at December 31, 2009, $41,054 was outstanding greater than 30 days and therefore considered overdue. Of this outstanding amount, $1,627 was outstanding greater than 180 days. As at December 31, 2009 the Company's allowance for doubtful accounts was $1,365.

The change in allowance for doubtful accounts is as follows:

Allowance for doubtful accounts at December 31, 2008	**$**	**3,210**
Increase in allowance		1,279
Accounts written off		(3,124)
Allowance for doubtful accounts at December 31, 2009	**$**	**1,365**

(c) Market risk

Market risk is the risk of loss that may arise from changes in market prices such as foreign exchange rates and interest rates, which will affect the Company's operating results or value of its financial instruments.

Foreign currency exchange rate risk

The international operations of the Company expose it to foreign currency exchange risk in the ordinary course of business. The Company is exposed to this risk primarily through its United States dollar denominated cash, accounts receivable and accounts payable. The nature of the Company's operations provides a natural hedge which is considered by management to be sufficient to mitigate exchange rate risk based on the Company's risk tolerance. The nature, extent and timing of foreign currency denominated cash flows are regularly monitored to identify changes in exposure and assess the need for active management of the exposure such as through the use of foreign exchange contracts.

All other things being equal, based on the US dollar denominated assets and liabilities of the consolidated Company as at December 31, 2009, the impact of a 5% strengthening (weakening) of the Canadian dollar against the US dollar would not have a significant impact on loss for the year.

(Note 14 – continued)

Interest rate risk

The Company receives a fixed rate of interest on investments in treasury bills and a variable rate of interest, based on movements in the prime interest rate, on guaranteed investment certificates. A change of 1% in the interest rate received on investments with a variable interest rate would not have a significant impact on loss for the year.

15. Financial instruments

The carrying amounts cash and cash equivalents, trade and other receivables, investment tax credits receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

16. Segmented information

The Company operates and reports its results as one operating segment which is the visual knowledge business.

Operations of the Company are in the following geographic areas:

	2009			2008		
	Canada	United States	Total	Canada	United States	Total
Revenue	$ 1,608,741	$ 561,539	$ 2,170,280	$ 255,581	$ 563,296	$ 818,877
Equipment	456,161	-	456,161	582,577	-	582,577
Intangible assets	80,471	-	80,471	88,313	-	88,313

Two customers accounted for approximately 68% of revenue recognized for the year ended December 31, 2009. At December 31, 2009, two customers each accounted for more than 10% of trade accounts receivable, totaling approximately 90% of trade accounts receivable at December 31, 2009, of which 100% was collected subsequent to December 31, 2009.

One customer accounted for approximately 60% of revenue recognized for the year ended December 31, 2008. At December 31, 2008, four customers each accounted for more than 10% of trade accounts receivable, totaling approximately 85% of trade accounts receivable at December 31, 2008, of which 100% was collected subsequent to December 31, 2008.

17. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

18. Future accounting changes

The CICA has issued a number of new accounting pronouncements that have not yet come into effect, but will need to be considered for subsequent reporting periods.

International Financial Reporting Standards

In February 2008, the CICA's Accounting Standards Board confirmed that publicly accountable enterprises will adopt International Financial Reporting Standards ("IFRS") effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences with respect to recognition, measurement and disclosures. The Company's changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011.

19. Subsequent events

On March 15, 2010, the Company announced that subject to the approval of the TSX Venture Exchange ("TSXV"), it will extend the term of its 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, 2010. Subject to the approval of the TSXV, the term of the Class E Warrants will be 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.

On March 15, 2010, a total of 415,000 stock options were granted at an exercise price of $0.37. These options expire five years after the grant date and vest over a period of three years.