iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the six months from January 1, 2011 to June 30, 2011 (the "*Period*")

The information set forth below has been prepared as at August 23, 2011, 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 "Unaudited Interim Financial Statements") for the six months ended June 30, 2011 (the "Period"), 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 Unaudited 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"). The Company adopted IFRS effective January 1, 2010. While the Company's annual consolidated financial statements for the year ended December 31, 2010 have been audited in accordance with Canadian GAAP ("CGAAP"), they were not audited in accordance with IFRS. Further discussion related to the impact of the transition to IFRS is noted where appropriate throughout this MD&A, including, but not limited to the section "Transition to IFRS" below.

By their nature, the Unaudited 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 2010 audited annual consolidated financial statements prepared in accordance with CGAAP and the unaudited interim consolidated financial statements for the three months ended March 31, 2011 prepared in accordance with IFRS. A summary of significant accounting policies were disclosed in note 4 of the March 31, 2011 unaudited interim consolidated financial statements.

All dollar figures referred to herein are Canadian dollars unless otherwise stated. The Company's presentation currency is the Canadian dollar. The functional currency of iLOOKABOUT (US) Inc., a wholly-owned subsidiary of iLOOKABOUT Corp., is the United States ("*US*") dollar. A cautionary note regarding forward-looking statements and non-GAAP measures follow in the sections "*Forward Looking Statements*" and "*Non-GAAP Financial Measures"* below.

Company Background

iLOOKABOUT is a visual and data knowledge company, with its primary focus being to provide street-level, geo-spatial imaging. iLOOKABOUT uses proprietary hardware and software systems to capture, process and geo-code street-level image data from a moving vehicle. Each high resolution image is captured with a digital camera and geo-coded using public GPS and proprietary technologies to record location specific information and other data. iLOOKABOUT collects data from public streets in its targeted geographic areas, creating a database of images and associated metadata (data about data or content items). The iLOOKABOUT StreetScape™ ("*StreetScape*") image database is compatible with all major mapping applications (Google, Yahoo, MSN, ESRI, Intergraph, Bentley, etc.) and is accessible through iLOOKABOUT's secure web service. iLOOKABOUT intends to continue to build its image database in North America and select cities in the United Kingdom, and to license its image data to governments and related agencies, including emergency services, and businesses in a variety of industries, such as real estate, utilities, property assessment, insurance and financial institutions.

In 2010, the Company released GeoViewPort™, a web-based geographic information system ("*GIS*") application which enables the aggregation of additional property-related information such as enhanced validated addresses, property values and property features. Also in 2010, the Company further diversified its product and service offering by partnering with the industry's leading Automated Valuation Model ("*AVM*") supplier to develop a unique valuation product, the AVM Comparable Report, which combines aerial and street-level imagery with accurate geo-coding and several different property characteristics for a subject property and up to three comparable properties. The model uses an algorithm which looks for comparables based on like building attributes, rather than relying solely on recent sales in the neighbourhood, and then provides the front view of the structure, complete with a date stamp as to when the image was taken. The dynamic aerial view clearly depicts the proximity of the subject property to its selected comparables adding credence to the valuation. The AVM product is distributed through the Company's GeoViewPort™ application.

iLOOKABOUT also provides Virtual Tour products, which it will continue to offer and support. However, iLOOKABOUT's principal focus for the near- and long-term will be to further develop, market and license its StreetScape product and derivatives of the StreetScape product.

Current Overview and Outlook

Revenue increased from $698,780 to $719,885 for the three months ended June 30, 2010 and 2011 respectively. This increase was driven by the commencement of delivery of services to a number of US assessment market customers and an increase in transactional revenue. This increase was somewhat offset by a loss of revenue in 2011 related to the expiry of two multi-year agreements in late 2010. The Company expects that one of the expired agreements will be renewed in 2011; however, the timing and amount of this renewal is uncertain. For the six months ended June 30, 2010 and 2011, revenue decreased from $1,403,166 to $1,297,250 respectively. The majority of this decline relates to the expiry of two multi-year agreements, as noted above, and a non-recurring revenue stream for custom work generated in the first quarter of 2010.

Operating expenses, which include direct operating, technology, selling and business development and general and administration expenses, decreased from $1,458,919 to $1,269,050 for the three months ended June 30, 2010 and 2011 respectively. This decrease is largely attributable to a decrease in data capture costs, a component of direct operating expenses, in the second quarter of 2011 as compared to 2010. A combination of more efficient and focused image capture actions and the timing of image capture to align with customer agreements are elements driving this positive change. An increase in technology expense of $49,016, related to increased human resource costs to further product development, for the second quarter of 2011 compared to 2010, was offset by a decrease in selling and business development expense of $53,267 for the same period. The decrease in selling and business development expense is primarily attributable to the elimination of a sales position, decreased but more targeted participation in tradeshows and other marketing activities and decreased stock based compensation expense associated with sales and business development staff due to the grant of stock options in 2010 and not in 2011. General and administration expense remained relatively stable for the second quarter of 2011 as compared to 2010.

Operating expenses for the six months ended June 30, 2011 were $2,256,698, representing a decrease of $158,160 from $2,414,858 for the same prior year period.

Other items, which include finance income (costs), other income (expenses) and foreign exchange gains (losses), moved from a gain of $63,702 to a gain of $37,957 for the three months ended June 30, 2010 and 2011, and from a gain of $27,846 to a loss of $6,138 for the six months ended June 30, 2010 and 2011 respectively. Changes in foreign exchange gains and losses account for the majority of these fluctuations.

The impact of the above noted items is a decrease the Company's loss to $511,208 for the three months ended June 30, 2011 from $696,437 for the comparative period of 2010, and a decrease in the loss to $965,586 for the six months ended June 30, 2011 from $983,846 for the comparative period of 2010. Other comprehensive income, composed of foreign exchange gain (loss) on the translation of foreign operations, decreased from a loss of $70,189 to $28,401 for the three months ended June 30, 2010 and 2011 respectively, and from a loss of $43,126 to a gain of $13,032 for the six months ended June 30, 2010 and 2011 respectively. Previously, under CGAAP, these foreign exchange gains and losses would have been reported within foreign exchange gains and losses, and included in the determination of loss.

Significant developments in the second quarter of 2011 include:

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

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

- Four new multi-year agreements were signed in two US states, with an approximate total value of $143,000 USD, of which the revenue will be recognized within the terms of the agreements. Data collection for these contracts is expected to be complete in late summer or early fall of 2011. Nearly all costs related to the capture, processing and delivery of imagery related to these agreements will be incurred and expensed prior to the commencement of the delivery of service and thus the commencement of revenue recognition.

Overall Performance and Results of Operations

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 (the "*Reporting Date*"), which can be found on SEDAR at www.sedar.com.

Summary of Quarterly Results

	Three months ended				Year ended
	March 31	**June 30**	**Sept 30**	**Dec 31**	**Dec 31**
Fiscal 2011 (under IFRS)		Unaudited			Unaudited
Revenue	$ 577,366	$ 719,885			
Loss	(454,378)	(511,208)			
Loss per share (basic and diluted)	(0.01)	(0.01)			
Fiscal 2010 (under IFRS)		Unaudited			Unaudited
Revenue	$ 704,386	$ 698,780	$ 879,188	$ 677,091	$ 2,959,445
Loss	(287,409)	(696,437)	(259,423)	(568,158)	(1,811,427)
Loss per share (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.01)	(0.04)
Fiscal 2009 (under Canadian GAAP)		Unaudited			Audited
Revenue	$ 431,062	$ 551,339	$ 569,526	$ 618,353	$ 2,170,280
Loss	(514,494)	(573,089)	(408,684)	(393,047)	(1,889,314)
Loss per share (basic and diluted)	(0.01)	(0.02)	(0.01)	(0.01)	(0.05)

Cumulative Quarterly Results Summary

	Three Months Ended Mar 31	Six Months Ended June 30	Nine Months Ended Sept 30	Year Ended Dec 31
Fiscal 2011 (under IFRS)		Unaudited		Unaudited
Revenue	$ 577,366	$ 1,297,250		
Loss	(454,378)	(965,586)		
Loss per share (basic and diluted)	(0.01)	(0.02)		
Fiscal 2010 (under IFRS)		Unaudited		Unaudited
Revenue	$ 704,386	$ 1,403,166	$ 2,282,354	$ 2,959,445
Loss	(287,409)	(983,846)	$ (1,243,269)	(1,811,427)
Loss per share (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.04)
Fiscal 2009 (under Canadian GAAP)		Unaudited		Audited
Revenue	$ 431,062	$ 982,401	$ 1,551,927	$ 2,170,280
Loss	(514,494)	(1,087,583)	(1,496,267)	(1,889,314)
Loss per share (basic and diluted)	(0.01)	(0.03)	(0.04)	(0.05)

Revenue and Operating Expense Analysis

	Unaudited		Unaudited	
	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Revenue	**$ 719,885**	**$ 698,780**	**$ 1,297,250**	**$ 1,403,166**
Direct operating expense	$453,247	$624,753	$829,686	$946,212
Gross Margin	**$266,638**	**$74,027**	**$467,564**	**$456,954**
Other operating expenses:				
Technology	226,439	177,423	429,558	372,143
Selling and business development	180,321	233,588	343,626	438,715
General and administration	409,043	423,155	653,828	657,788
	815,803	834,166	1,427,012	1,468,646
Loss from operations before the undernoted	**(549,165)**	**(760,139)**	**(959,448)**	**(1,011,692)**
Other items	37,957	63,702	(6,138)	27,846
Loss	**$ (511,208)**	**$ (696,437)**	**$ (965,586)**	**$ (983,846)**
Loss per share (basic and diluted)	**$ (0.01)**	**$ (0.02)**	**$ (0.02)**	**$ (0.02)**

Revenue

For the three months ended June 30, 3011, revenue increased to $719,885 as compared to $698,780 for the same period of the prior year. This increase is attributable to the commencement of services for a number of US based assessment market customers and an increase in transactional revenue. This revenue increase was somewhat offset by the loss of revenue associated with the expiry of two multi-year agreements in late 2010. The Company expects the renewal of one of these agreements in 2011; however, the timing and revenue impact of the renewal is uncertain.

Revenue for the six months ended June 30, 2011 and 2010 was $1,297,250 and $1,403,166 respectively. This decline is largely attributable to the expiry of the two multi-year agreements noted above, and a non-recurring revenue stream for custom work recognized in the first quarter of 2010.

As a percentage of total revenue, revenue related to the Company’s US-based customers for the three months ended June 30, 2011 and 2010, remained constant at 21%. While there was a decrease in US based revenue attributable to the expiry of a multi-year agreement with a US customer in late 2010, this was offset by revenue generated from new US customers and delivery of service to these customers.

To date, the nature of the Company’s StreetScape-related revenue has been license based. However, strategic partnerships developed and furthered in 2010, the launch of GeoViewPort™ in 2010, and the launch of the iLOOKABOUT AVM Comparable Report in March 2011 will enable the Company to begin generating additional transactional-based revenue.

Direct Operating Expense

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

This expense decreased from $624,753 to $453,247 and from $946,212 to $829,686 for the three and six months ended June 30, 2010 compared to 2011 respectively. While royalties and commissions in the first quarter were greater in 2011 than 2010, this increase was more than offset by a decrease in data capture costs in the first two quarters of 2011 due to a combination of more efficient and focused image capture and the timing of image capture to align with customer agreements.

Gross margin

Gross margin as a percent of revenue increased from 11% to 37% for the three months ended June 30, 2010 and 2011 respectively, due to relatively stable revenue and significantly lower direct operating expenses. For the six months ended June 30, 2011, gross margin as a percent of revenue was 36% as compared to 33% for the same period of the prior year.

Technology expense

This expense is composed primarily of salaries, contractor fees and support costs related to the technology function.

This expense increased from $177,423 to $226,439 and from $372,143 to $429,558 for the three and six months ended June 30, 2010 and 2011 respectively. In both periods, this increase was attributable to increased technology-related human resource costs incurred for further product development.

Selling and business development expense

This expense is composed primarily of salaries and support costs related to the selling and business development function, as well as promotion-related expenses, such as tradeshows, travel, meals and marketing.

This expense decreased from $233,588 to $180,321 for the three months ended 2010 and 2011, and from $438,715 to $343,626 for the six months ended 2010 and 2011. These decreases are largely attributable to reduced sales related human resource and marketing costs due to; the elimination of a sales position, reduced but more targeted participation in tradeshows and other marketing activities and decreased stock based compensation associated with sales and business development staff due to the grant of stock options in 2010 and not in 2011.

General and administration expense

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

This expense remained relatively stable for the first and second quarters of 2011 as compared to the same periods in 2010.

Other items

Other items include finance income, other income and foreign exchange gains or losses.

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

Other items moved from a gain of $63,702 to a gain of $37,957 for the three months ended June 30, 2010 and 2011, and from a gain of $27,846 to a loss of $6,138 for the six months ended June 30, 2010 and 2011.

Assets, Liabilities and Share Capital Analysis

	June 30, 2011 (Unaudited)	December 31, 2010 (Unaudited)
Assets	$ 1,781,407	$ 1,993,841
Liabilities	$ 1,297,538	$ 675,623
Share and warrant capital	$ 10,671,015	$ 10,350,496
Common shares outstanding	40,710,417	40,685,417
Options and warrants outstanding	9,743,549	9,446,674

Assets

Total assets held by the Company at June 30, 2011 and December 31, 2010 were composed primarily of cash, short-term investments, trade and other receivables, prepaid expenses and other current assets and equipment. Short-term investments are composed of guaranteed investment certificates and treasury bills, with maturity dates at purchase of greater than three months but less than one year.

The Company has not yet achieved positive net cash inflows in any year and did not derive funds from equity or debt financing during 2010 or the first two quarters of 2011. As a result, the Company has experienced a decrease in cash and short term investments from $1,182,580 as at December 31, 2010 to $797,504 as at June 30, 2011.

The Company continues to seek additional cash inflows through new sales and federal and provincial government incentive programs, and may need to obtain additional debt and/or equity financing in the near term.

Trade and other receivables increased from $137,725 at December 31, 2010 to $250,159 at June 30, 2011.
Prepaid expenses and other current assets increased from $159,583 at December 31, 2010 to $239,424 at June 30, 2011. Prepaid expenses relate primarily to prepaid royalties and insurance. The increases in both trade and other receivables and prepaid expenses are attributable to an increase in sales contracts entered in 2011 compared to 2010, for which a significant portion of the total contract value is billed, and the related royalty remitted, at the inception of the contract.

Equipment, net of accumulated amortization, decreased from $513,953 at December 31, 2010 to $494,320 at June 30, 2011, mainly due to depreciation. In the first two quarters of 2011 the Company acquired additional computer hardware and vehicles totaling $104,823, and made no disposals.

At December 31, 2010, an impairment loss was recorded against intangible assets, reducing their carrying amount to nil.

Liabilities

As at June 30, 2011, the Company's liabilities totaled $1,297,538, of which $470,369 represented accounts payable and accrued liabilities, $803,984 represented unearned revenue, and $23,185 represented finance lease liability. As at December 31, 2010, the Company's liabilities totaled $675,623, of which $334,798 represented accounts payable and accrued liabilities and $340,825 represented unearned revenue. Unearned revenue relates to payments received from customers in advance of providing services and for which revenue has not yet been earned.

The Company does not currently hold any long-term debt, short-term debt or operating lines of credit.

Share and warrant capital

With the exception of the exercise of 25,000 options for 25,000 common shares, there were no changes in share capital during the Period, and there were no changes in warrant capital in the Period.

Outstanding Share Data

As at June 30, 2011, iLOOKABOUT had 40,710,417 common shares issued and outstanding, and outstanding options and warrants to purchase a further 9,743,549 common shares, exercisable at prices ranging from $0.125 to $1.00 per share.

Stock options

In the Period, the following events occurred with respect to stock options.

(i) In April, 2011, a total of 50,000 stock options were granted to an employee at an exercise price of $0.29. These options expire five years after the grant date and vest over a period of three years.
(ii) In April 2011, a total of 25,000 stock options were exercised for 25,000 common shares, at an exercise price of $0.125 per option.
(iii) In May, 2011, a total of 281,875 stock options were granted to non-management directors at an exercise price of $0.37. These options expire five years after the grant date and vested immediately upon grant.

Liquidity, Financing Activities and Capital Resources

The Company is subject to risks including, but not limited to, dependence on key personnel and the potential need to raise additional funds through debt or equity financing to support the Company's development and continued operations and to meet the Company's liabilities and commitments as they become due. Specifically, the Company has a history of operating losses with an accumulated deficit of $11,049,903 (December 31, 2010 - $10,084,317), shareholders' equity of $483,869 (December 31, 2010 - $1,318,218) and working capital of $178,166 (December 31, 2010 - $968,067). The Company also has commitments for finance and operating leases of $115,465 due within the twelve months following the Reporting Date, and $218,113 due thereafter.

Working capital (calculated as current assets less current liabilities) as at June 30, 2011 was $178,166 and consisted of cash of $612,504, short term investments of $185,000 trade and other receivables of $250,159, prepaid and other current assets of $239,424, accounts payable and accrued charges of $470,369, finance lease liability of $23,185 and current unearned revenue of $615,367. Adjusted working capital (a non-GAAP measure; see section entitled *"Use of Non-GAAP Financial Measures*) defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities, was $554,109 as at June 30, 2011 (December 31, 2010 - $985,507) and consisted of the working capital items noted above with the exception of prepaid expenses and other current assets, and current unearned revenue.

The Company has assessed that it is presently able to meet its current financial obligations as they become due. However, in the longer term, the Company will need to increase net cash inflows from operations and/or raise additional funds through debt or equity financing to meet the Company's liabilities and commitments as they become due.

Net cash used in operating activities decreased from $542,989 to $127,680, and from $824,203 to $299,000 for the three and six months ended June 30, 2010 and 2011 respectively.

The Company's continued viability is dependent on, but not limited to, management's ability to successfully execute its business plan, including continuing to increase the Company's revenues from operations while maintaining an appropriate level of expenses. Subsequent to the Reporting Date, the Company received notice that one of its licensees had made a decision to discontinue access to its StreetScape imagery for several of its end-user customers. Should the licensee discontinue paying these fees to the Company, which it has indicated it intends to do, quarterly revenue related to these services would be negatively impacted by approximately $280,000. Significant doubt exists as to whether the Company will be able to execute its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements and the Company may need to raise funds by selling additional equity or by securing debt financing. No assurance can be given at this time that new sources of operating revenue will be secured or that such additional equity or debt financing will be available or, if available, such financing can be obtained on terms favourable to the Company.

Although material uncertainties exist with respect to the events and circumstances required for the continued viability of the Company, at this point in time, management has no intent to liquidate the entity or to cease trading. Accordingly, the Company has determined that the going concern assumption is still appropriate, and these Unaudited Interim Financial Statements have been prepared on the basis of accounting principles applicable to a going concern.

If the going concern basis was not appropriate for these Unaudited Interim Financial Statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used. The Company's Unaudited Interim Financial Statements do not include adjustments, which could be material, and disclosures that would be required, if the going concern assumption was not appropriate.

Commitments

The following table presents the Company's commitments under finance and operating leases related to vehicles and facilities.

2011	$	59,796
2012		111,338
2013		116,229
2014		44,772
2015		1,443
Thereafter		-

Off Balance Sheet Arrangements

As at June 30, 2011, iLOOKABOUT had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

Financial Instruments

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

Transactions with Related Parties

One of the premises occupied by the Company is rented on an annual basis from a company which is owned by an officer and director of the Company and his father. The Company paid rent of $6,000 to the related company in the six month period ended June 30, 2011. These transactions are in the normal course of operations and are disclosed at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Significant Accounting Policies

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, when persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is considered probable. Revenue for long term licensing contracts is generally recognized over the life of the contract, in accordance with contract terms, as service is provided.

Revenue from the Virtual Tour products is recognized on delivery of services when 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 considered probable.

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

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

Intangible assets

Intangible assets, including patents and trademarks, are stated at cost less accumulated amortization and accumulated impairment losses. 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 lives and amortization methods.

Impairment of non-financial assets

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

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

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

Lease payments

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

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

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

Foreign currency translation

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

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

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

Changes in Accounting Policies

First-time adoption of IFRS

The Company's Unaudited Interim Financial Statements have been prepared in accordance with IAS 34 and with IFRS 1. These Interim Financial Statements do not include all of the information required for full annual financial statements.

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

IAS 21 – The Effects of Changes in Foreign Exchange Rates

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

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

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

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

Future Accounting Policy Changes

IFRS 9 Financial Instruments

In November 2009, the IASB issued IFRS 9 *Financial Instruments* ("IFRS 9 (2009)"), and in October 2010 the IASB published amendments to IFRS 9 ("IFRS 9 (2010"). IFRS 9 (2009) replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) added guidance to IFRS 9 (2009) on the classification and measurement of financial liabilities, and this guidance is consistent with the guidance in IAS 39 except as described below.

Under IFRS 9 (2010), for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) also added the requirements of IAS 39 for the de-recognition of financial assets and liabilities to IFRS 9 without change.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. For annual periods beginning before January 1, 2013, either IFRS 9 (2009) or IFRS 9 (2010) may be applied. The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 9 (2010) 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*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it needs not to apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time.

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows.

The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. When applied, it is expected that the amendment to IFRS 12 will increase the current level of disclosure of interests in the other entities.

IFRS 13 Fair Value Measurement

In May 2011, the IASB published IFRS 13 - *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

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 published amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, which are effective for annual periods beginning on or after July 1, 2012 and are to be applied retrospectively. Early adoption is permitted.

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories. The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged.

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.

Risk Factors

Significant risks that could materially affect iLOOKABOUT's future financial and/or operating results are contained in the Company's Annual Information Form that can be found on SEDAR at www.sedar.com.

In addition, as per previous references within the section above – "*Liquidity, Financing Activities and Capital Resources*", subsequent to June 30, 2011, the Company received notice that one of its licensees had made a decision to discontinue access to its StreetScape imagery for several of its end-user customers. Should the licensee discontinue paying these fees to the Company, which it has indicated it intends to do, quarterly revenue related to these services would be negatively impacted by approximately $280,000. Significant doubt exists as to whether the Company will be able to execute its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements and the Company may need to raise funds by selling additional equity or by securing debt financing. No assurance can be given at this time that new sources of operating revenue will be secured or that such additional equity or debt financing will be available or, if available, such financing can be obtained on terms favourable to the Company.

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 2010 Consolidated Financial Statements and Annual Information Form, may be found on SEDAR at www.sedar.com.