

iLOOKABOUT Corp.

**Unaudited Condensed Interim
Consolidated Financial Statements**

For the three months ended March 31, 2014 and 2013

iLOOKABOUT Corp.**Unaudited Condensed Interim Consolidated Statements of Financial Position**

As at	March 31, 2014	December 31, 2013
Assets		
Current Assets:		
Cash	\$ 941,994	\$ 1,058,192
Trade and other receivables	469,769	245,363
Prepaid expenses and other current assets	187,876	165,738
	<hr/>	<hr/>
	1,599,639	1,469,293
Equipment	497,590	505,034
Intangible asset	104,667	130,833
	<hr/>	<hr/>
Total Assets	\$ 2,201,896	\$ 2,105,160
Liabilities and Shareholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 868,618	\$ 567,363
Unearned revenue	945,170	882,528
Current portion of long-term debt	16,227	64,115
	<hr/>	<hr/>
	1,830,015	1,514,006
Unearned revenue	405,101	406,499
Long-term debt	1,264,511	1,247,063
Provision	68,000	61,000
Shareholders' Deficiency	(1,365,731)	(1,123,408)
Subsequent events (note 13)		
	<hr/>	<hr/>
Total Liabilities and Shareholders' Deficiency	\$ 2,201,896	\$ 2,105,160

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

iLOOKABOUT Corp.**Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss**

	Three months ended	
	March 31, 2014	March 31, 2013
Revenue	\$ 1,122,136	\$ 813,710
Direct operating expenses	525,035	270,373
Gross margin	597,101	543,337
Other operating expenses:		
Technology	254,494	252,241
Selling and business development	213,135	107,384
General and administration	335,952	243,778
	803,581	603,403
Loss from operations	(206,480)	(60,066)
Finance income (costs), net	(65,781)	(57,242)
Foreign exchange gain	48,095	38,700
Loss for the period	\$ (224,166)	\$ (78,608)
Other comprehensive loss:		
Items that will not be reclassified to loss for the period:		
Foreign exchange loss on the translation of foreign operations	(48,053)	(38,718)
Comprehensive loss for the period	\$ (272,219)	\$ (117,326)
Weighted average number of common shares		
Basic and diluted (note 7)	45,907,608	45,537,591
Loss per share		
Basic and diluted (note 7)	\$ -	\$ -

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

Period ended March 31, 2014

	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2013	\$ 8,834,916	\$ 207,254	\$ 139,468	\$ -	\$ 3,526,394	\$ (13,744,001)	\$ (87,439)	\$ (1,123,408)
Loss for the period	-	-	-	-	-	(224,166)	-	(224,166)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	-	(48,053)	(48,053)
Comprehensive loss for the period	-	-	-	-	-	(224,166)	(48,053)	(272,219)
Dividend conversion (note 4(a))	25,332	-	-	-	-	-	-	25,332
Share-based compensation (note 6)	-	-	-	-	4,564	-	-	4,564
Balance at March 31, 2014	\$ 8,860,248	\$ 207,254	\$ 139,468	\$ -	\$ 3,530,958	\$ (13,968,167)	\$ (135,492)	\$ (1,365,731)

Period ended March 31, 2013

	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2012	\$ 8,482,432	\$ 2,649,239	\$ 139,468	\$ (1,413,340)	\$ 2,056,426	\$ (12,825,744)	\$ 34,584	\$ (876,935)
Loss for the period	-	-	-	-	-	(78,608)	-	(78,608)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	(38,718)	(38,718)
Comprehensive income (loss) for the period	-	-	-	-	-	(78,608)	(38,718)	(117,326)
Dividend conversion	17,743	-	-	-	-	-	-	17,743
Issuance of common shares and warrants	280,916	207,254	-	-	-	-	-	488,170
Share-based compensation (note 6)	-	-	-	-	6,410	-	-	6,410
Balance at March 31, 2013	\$ 8,781,091	\$ 2,856,493	\$ 139,468	\$ (1,413,340)	\$ 2,062,836	\$ (12,904,352)	\$ (4,134)	\$ (481,938)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

iLOOKABOUT Corp.**Unaudited Condensed Interim Consolidated Statements of Cash Flows**

	Three months ended	
	March 31, 2014	March 31, 2013
Cash flows from operating activities		
Loss for the period	\$ (224,166)	\$ (78,608)
Adjustments for:		
Amortization of equipment	42,812	26,921
Amortization of intangible asset	51,029	26,167
Unrealized foreign exchange (gain) loss	38,699	(36,521)
Finance (income) costs, net	65,781	57,242
Share-based compensation expense	4,564	6,410
	(21,281)	1,611
Changes in non-cash working capital (note 8)	43,603	(270,198)
Interest paid	(19,251)	(13,400)
Interest received	109	148
Cash provided by (used in) operating activities	3,180	(281,839)
Cash flows from financing activities		
Repayment of debt financing of software licence	(47,888)	(43,378)
Corporate transaction costs (note 4)	(1,443)	(13,433)
Proceeds from issuance of common shares and warrants	-	499,838
Cash provided by (used in) financing activities	(49,331)	443,027
Cash flows from investing activities		
Purchase of equipment	(35,368)	(5,142)
Purchase of intangible asset	(49,725)	-
Cash used in investing activities	(85,093)	(5,142)
Increase (decrease) in cash during the period	(131,244)	156,046
Effect of exchange rate fluctuations on cash	15,046	9,615
Cash - beginning of period	1,058,192	1,070,462
Cash - end of period	\$ 941,994	\$ 1,236,123

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2014 and 2013

1. Corporate Information

iLOOKABOUT Corp. is engaged in the visual and data intelligence business collecting, processing and geo-coding street-level image data, providing image and related data management software, aggregation of additional value-added property based data, custom application programming and professional services. The unaudited condensed interim consolidated financial statements (“interim financial statements”) as at and for the three months ended March 31, 2014 comprise iLOOKABOUT Corp. and its subsidiaries, (together referred to as the “Company”).

The Company is incorporated under the laws of the Province of Ontario, and its principal place of business is located at 383 Richmond Street, Suite 408, London, Ontario, Canada. The Company’s shares are traded in Canada on the TSX Venture Exchange (“TSXV”) under the symbol ILA.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The notes presented in these interim financial statements include only significant changes and transactions occurring since the Company’s last year end and are not fully inclusive of all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements. These interim financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2013, which are available on SEDAR.

These interim financial statements were approved by the Board of Directors on May 22, 2014.

3. Significant Accounting Policies

Except as described below, these interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2013.

The accounting policies have been consistently applied by the Company’s subsidiaries.

(a) New accounting pronouncements

The Company has adopted the following accounting pronouncements during the period, details of which are included in the Company’s 2013 year-end annual consolidated financial statements. These standards did not have a significant impact on the Company’s interim financial statements.

- IAS 32, Financial Instruments: Presentation
- IAS 36, Impairment of Assets

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2014 and 2013

(Note 3 - continued)

(b) New standards and interpretations not yet adopted

IFRS 9, Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities. The IASB has tentatively decided on an effective date of January 1, 2018. The Company is currently assessing the impact of the issued and proposed changes to IFRS 9.

IFRS 8, Operating Segments

IFRS 8, with amendments effective January 1, 2015 requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic conditions which have been assessed in determining that the aggregated segments share similar economic characteristics. The Company is currently assessing the impact of the amendments on its annual financial statement disclosures.

4. Share and warrant capital

	Expiry date	Exercise price	March 31, 2014		December 31, 2013	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			45,952,230	\$ 8,860,248	45,818,365	\$ 8,834,916
Share purchase warrants:						
Series H warrants	January 27, 2016	0.15	1,481,000	63,050	1,481,000	63,050
Series I warrants	January 27, 2017	0.15	1,481,000	68,044	1,481,000	68,044
Series J warrants	January 27, 2018	0.15	1,481,000	76,160	1,481,000	76,160
			4,443,000	207,254	4,443,000	207,254
Share capital and warrant capital			50,395,230	\$ 9,067,502	50,261,365	\$ 9,042,170

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value and are each entitled to one vote. All issued common shares are fully paid.

The following table presents changes in common share capital:

	Number of shares	Amount
Balance, December 31, 2013	45,818,365	\$ 8,834,916
Shares issued, dividend conversion (a)	133,865	25,332
Balance, March 31, 2014	45,952,230	\$ 8,860,248

(a) Dividend conversion

In January 2014, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$26,775 into common shares. As a result, the Company issued 133,865 common shares, based on a closing market price on January 2, 2014 of \$0.20, which represents the closing market price on December 18, 2013, being the date that the Company's common shares were halted from trading due to the Company's announcement of a proposed business combination transaction. The Company recorded \$25,332, net of costs of issuance of \$1,443, as an increase to common share capital.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2014 and 2013

5. Related party transactions

Key management personnel 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. For the three months ended March 31, 2014, the Company paid rent to the related company of \$3,000 (2013 - \$3,000), which is included in general and administration expense.

These transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

Preference Shares

Past and current Directors and Officers of the Company participated in the March 2012 private placement of Preference Shares.

Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. For the three months ended March 31, 2014, current Directors and Officers converted a total of \$7,797 accrued dividends into 38,979 common shares. For the three months ended March 31, 2013, then current Directors and Officers converted a total of \$14,065 accrued dividends into 93,762 common shares.

The terms of these Preference Shares are the same as those issued to non-related parties.

6. Share-based compensation

The number and weighted average exercise prices of share options are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding December 31, 2013	4,266,344	\$ 0.27	3.3
Expired	(120,000)	\$ 0.22	
Outstanding March 31, 2014	4,146,344	\$ 0.27	3.1

The options outstanding at March 31, 2014 have exercise prices ranging from \$0.12 to \$0.60. All options outstanding had a contractual life of 5 years upon grant.

Of the 4,146,344 unexercised options as at March 31, 2014, 3,915,125 had vested and were exercisable, with exercise prices ranging from \$0.12 to \$0.60 per share.

iLOOKABOUT Corp.**Notes to Unaudited Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2014 and 2013****7. Loss per share**

There were no dilutive items outstanding at March 31, 2014 or at March 31, 2013. Diluted loss per share does not take into account any outstanding warrants, options, or convertible preference shares as their effect would be anti-dilutive for these periods. As at March 31, 2014, there were a total of:

- 4,443,000 warrants outstanding (March 31, 2013 – 11,010,500);
- 4,146,344 options outstanding (March 31, 2013 – 2,861,951); and
- 750,000 convertible preference shares outstanding (March 31, 2013 – 750,000), which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares at the option of the holder (March 31, 2013 – 2,419,355 and 1,209,678, respectively); and
- \$36,744 of accrued but unpaid preference share dividends (March 31, 2013 – \$31,542) which can be converted to common shares at the option of the holder at the closing market price of the common shares on the day before the conversion right is exercised.

8. Supplementary cash flow information

	2014	2013
Changes in non cash working capital:		
Trade and other receivables	\$ (224,406)	\$ (155,516)
Prepaid expenses and other current assets	2,724	(93,134)
Accounts payable and accrued liabilities	305,839	(73,554)
Unearned revenue	61,244	63,821
Unrealized foreign exchange losses related to non-cash working capital	(101,798)	(11,815)
	\$ 43,603	\$ (270,198)

- In the three months ended March 31, 2014, the Company recorded accrued dividends in the amount of \$22,191, and converted \$26,775 accrued dividends into common shares (March 31, 2013 - \$22,191 and \$19,509 respectively). See note 4(a)

9. Financial risk management

The Company is exposed to credit risk, liquidity risk, foreign exchange risk, and interest rate risk from its financial assets and liabilities. Financial risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance. There have been no significant changes to the Company's key financial risks or risk management strategies since December 31, 2013.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2014 and 2013

10. Financial instruments

Fair values versus carrying amounts

The carrying value of cash, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments. The fair values of long-term debt, together with the carrying amounts, shown in the consolidated statements of financial position, are as follows:

As at	March 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Secured term credit facility	(574,779)	(716,859)	(571,626)	(724,090)
Preference shares	(689,732)	(802,591)	(675,437)	(794,624)
Debt financing of software licence	(16,227)	(16,227)	(64,115)	(64,115)
	\$ (1,280,738)	\$ (1,535,677)	\$ (1,311,178)	\$ (1,582,829)

Interest rates used for determining fair value

The interest rates used to discount the estimated cash flows were as follows:

	March 31, 2014	December 31, 2013
Secured term credit facility	6.00%	6.00%
Preference shares	6.00%	6.00%
Debt financing of software licence	9.93%	9.93%

In March 2014, the second and third tranches of the secured term credit facility were cancelled without being drawn upon.

11. Segmented information

The Company operates and reports its results as one operating segment which is the visual knowledge business. Geographically, the Company operates primarily in Canada and the United States. Information regarding the results of each geographic area is included below:

	Three months ended March 31, 2014			
	Canada	United States	United Kingdom	Total
Revenue	\$ 992,262	\$ 118,230	\$ 11,644	\$ 1,122,136
Equipment	497,590	-	-	497,590
Intangible assets	104,667	-	-	104,667

	Three months ended March 31, 2013			
	Canada	United States	United Kingdom	Total
Revenue	\$ 607,836	\$ 193,892	\$ 11,982	\$ 813,710
Equipment	286,975	-	-	286,975
Intangible assets	209,333	-	-	209,333

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2014 and 2013

(Note 11 - continued)

Two customers each accounted for more than 10% of total revenue, representing 72% of total revenue for the three months ended March 31, 2014.

Three customers each accounted for more than 10% of total revenue, representing 75% of total revenue for the year ended March 31, 2013.

At March 31, 2014, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 74% of trade accounts receivable, of which 82% was collected subsequent to March 31, 2014.

At March 31, 2013, three customers each accounted for more than 10% of net trade accounts receivable, totalling approximately 85% of trade accounts receivable, of which 100% was collected subsequent to March 31, 2013.

12. Seasonality

The number of hours per day of daylight suitable for image capture and weather conditions vary with the seasons and impact peak periods of image capture. As the Company's image capture activity to date has primarily been focused in Canada and the northeastern region of the US, the majority of costs associated with image capture are incurred in the second and third quarters of the year. Should the Company expand its image capture to the southern US, the impact of seasonality on image capture will be less significant.

13. Subsequent events

(i) Conversion of Unpaid Dividends

In April 2014, the Company issued 99,482 common shares to settle \$19,897 of accrued but unpaid dividends on its Series 1 Preference Shares, based on a closing market price of \$0.20, representing the closing market price on December 18, 2013, being the date that the Company's common shares were halted from trading due to the Company's announcement of a proposed business combination transaction. On May 15, 2014, the proposed business combination transaction was terminated and the Company's common shares resumed trading on May 20, 2014.

(ii) Stock Options

In April 2014, 100,000 stock options were exercised at an exercise price of \$0.15 per option, and 375,836 options were forfeited.