

iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2013 and 2012

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(All amounts in Canadian dollars)

As at	September 30, 2013	December 31, 2012
Assets		
Current Assets:		
Cash	\$ 1,202,705	\$ 1,070,462
Trade and other receivables	293,407	294,017
Prepaid expenses and other current assets	194,068	164,055
	1,690,180	1,528,534
Equipment	386,797	308,754
Intangible asset	157,000	235,500
Total Assets	\$ 2,233,977	\$ 2,072,788
Liabilities and Shareholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 524,128	\$ 476,787
Unearned revenue	745,645	528,446
Current portion of long-term debt	110,833	180,138
	1,380,606	1,185,371
Unearned revenue	399,253	503,560
Long-term debt	1,229,913	1,244,292
Provision	34,000	16,500
Shareholders' Deficiency	(809,795)	(876,935)
Commitments (note 12)		
Subsequent event (note 14)		
Total Liabilities and Shareholders' Deficiency	\$ 2,233,977	\$ 2,072,788

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

iLOOKABOUT Corp.**Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)****(All amounts in Canadian dollars)**

	Three months ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenue	\$ 1,054,583	\$ 966,065	\$ 2,749,421	\$ 2,416,251
Direct operating expenses	339,980	234,157	991,031	879,719
Gross margin	714,603	731,908	1,758,390	1,536,532
Other operating expenses:				
Technology	215,902	251,919	721,614	717,395
Selling and business development	154,306	111,830	406,465	322,024
General and administration	364,954	306,933	1,045,335	988,935
	735,162	670,682	2,173,414	2,028,354
Income (loss) from operations	(20,559)	61,226	(415,024)	(491,822)
Finance costs, net of finance income	(58,537)	(42,986)	(173,277)	(83,142)
Foreign exchange gain (loss)	(34,051)	(68,055)	78,523	(60,750)
Loss for the period	\$ (113,147)	\$ (49,815)	\$ (509,778)	\$ (635,714)
Other comprehensive income (loss):				
Foreign exchange gain (loss) on the translation of foreign operations	36,351	74,048	(65,932)	64,671
Comprehensive income (loss) for the period	\$ (76,796)	\$ 24,233	\$ (575,710)	\$ (571,043)
Weighted average number of common shares				
Basic and diluted (note 7)	45,720,015	40,745,417	45,615,353	40,725,973
Loss per share				
Basic and diluted (note 7)	\$ -	\$ -	\$ (0.01)	\$ (0.02)

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

(All amounts in Canadian dollars)

Nine months ended September 30, 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	-	-	-	-	-	(509,778)	-	(509,778)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	-	(65,932)	(65,932)
Comprehensive loss for the period	-	-	-	-	-	(509,778)	(65,932)	(575,710)
Dividend conversion (note 4(a))	54,335	-	-	-	-	-	-	54,335
Issuance of common shares and warrants (note 4(b))	280,916	207,254	-	-	-	-	-	488,170
Warrants expired (note 4(c))	-	(2,649,239)	-	1,413,340	1,235,899	-	-	-
Share-based compensation	-	-	-	-	100,345	-	-	100,345
Balance at September 30, 2013	\$ 8,817,683	\$ 207,254	\$ 139,468	\$ -	\$ 3,392,670	\$ (13,335,522)	\$ (31,348)	\$ (809,795)

Nine months ended September 30, 2012

	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2011	\$ 8,428,961	\$ 2,242,054	\$ -	\$ (1,006,155)	\$ 1,950,455	\$ (11,998,396)	\$ (6,458)	\$ (389,539)
Loss for the period	-	-	-	-	-	(635,714)	-	(635,714)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	64,671	64,671
Comprehensive loss for the period	-	-	-	-	-	(635,714)	64,671	(571,043)
Equity component of preference shares	-	-	139,468	-	-	-	-	139,468
Warrant modification	-	407,185	-	(407,185)	-	-	-	-
Options exercised	14,726	-	-	-	(10,351)	-	-	4,375
Share-based compensation	-	-	-	-	63,190	-	-	63,190
Balance at September 30, 2012	\$ 8,443,687	\$ 2,649,239	\$ 139,468	\$ (1,413,340)	\$ 2,003,294	\$ (12,634,110)	\$ 58,213	\$ (753,549)

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

iLOOKABOUT Corp.**Unaudited Condensed Interim Consolidated Statements of Cash Flows****(All amounts in Canadian dollars)**

	Nine months ended	
	September 30, 2013	September 30, 2012
Cash flows from operating activities		
Loss for the period	\$ (509,778)	\$ (635,714)
Adjustments for:		
Loss on disposal of equipment	3,363	768
Amortization of equipment	99,773	122,087
Amortization of intangible asset	103,362	52,333
Unrealized foreign exchange (gain) loss	(85,546)	87,971
Finance costs, net of finance income	173,277	83,142
Share-based compensation expense	100,345	63,190
	(115,204)	(226,223)
Changes in non-cash working capital (note 8)	82,930	(291,901)
Interest paid	(38,978)	(28,315)
Interest received	252	136
Cash used in operating activities	(71,000)	(546,303)
Cash flows from financing activities		
Repayment of finance lease liabilities	-	(11,523)
Repayment of debt financing of software licence	(133,420)	(68,248)
Proceeds from options exercised	-	4,375
Corporate transaction costs (note 4)	(16,193)	(77,638)
Proceeds from issuance of common shares and warrants (note 4(b))	499,838	-
Proceeds from issuance of preference shares	-	750,000
Proceeds from secured term credit facility	-	600,000
Proceeds from debt financing of software licence	-	354,820
Cash provided by financing activities	350,225	1,551,786
Cash flows from investing activities		
Purchase of equipment	(187,040)	(20,871)
Proceeds on disposal of equipment	5,861	965
Purchase of intangible asset	-	(314,000)
Cash used in investing activities	(181,179)	(333,906)
Increase in cash during the period	98,046	671,577
Effect of exchange rate fluctuations on cash	34,197	(5,434)
Cash - beginning of period	1,070,462	303,437
Cash - end of period	\$ 1,202,705	\$ 969,580

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 and nine months ended September 30, 2013 and 2012
(All amounts in Canadian dollars)

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 and nine months ended September 30, 2013 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 (“TSX-V”) under the symbol ILA.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2012, which are available on SEDAR.

These interim financial statements were approved by the Board of Directors on November 27, 2013.

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, 2012.

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 2012 year-end annual consolidated financial statements. These standards did not have a significant impact on the Company’s interim financial statements. Additional fair value disclosure was required with respect to the adoption of IFRS 13, Fair Value Measurement, which is included in note 10.

- IFRS 10, Consolidated Financial Statements
- IFRS 12, Disclosure of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- Amendments to IAS 1, Presentation of Financial Statements
- Amendments to IAS 19, Employee Benefits
- Amendments to IFRS 7, Offsetting Financial Assets and Liabilities
- Annual improvements to IFRS 2009–2011

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4. Share and warrant capital

	Expiry date	Exercise price	September 30, 2013		December 31, 2012	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			45,740,565	\$ 8,817,683	40,964,535	\$ 8,482,432
Share purchase warrants:						
Series E warrants	April 1, 2013	\$1.00	-	-	6,567,500	2,649,239
Series H warrants	January 27, 2016	0.15	1,481,000	63,050	-	-
Series I warrants	January 27, 2017	0.15	1,481,000	68,044	-	-
Series J warrants	January 27, 2018	0.15	1,481,000	76,160	-	-
			4,443,000	207,254	6,567,500	2,649,239
Share capital and warrant capital			50,183,565	\$ 9,024,937	47,532,035	\$ 11,131,671

The following table presents changes in common share capital:

	Number of shares	Amount
Balance, December 31, 2012	40,964,535	\$ 8,482,432
Shares issued, dividend conversion (a)	333,030	54,335
Shares issued, private placement (b)	4,443,000	280,916
Balance, September 30, 2013	45,740,565	\$ 8,817,683

(a) Dividend conversion

In January 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$19,509 into common shares. As a result, the Company issued 130,056 Common Shares, based on a closing market price on January 1, 2013 of \$0.15. The Company recorded \$17,743, net of costs of issuance of \$1,766, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

In April 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$23,320 into common shares. As a result, the Company issued 141,323 Common Shares, based on a closing market price on April 1, 2013 of \$0.165. The Company recorded \$21,991, net of costs of issuance of \$1,329, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

In July 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$16,031 into common shares. As a result, the Company issued 61,651 Common Shares, based on a closing market price on July 2, 2013 of \$0.26. The Company recorded \$14,601, net of costs of issuance of \$1,430, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

(b) Private Placement

In January 2013, the Company completed a non-brokered private placement, resulting in the issuance of 1,481 units for \$337.50 per unit. Each Unit consists of 3,000 common shares, 1,000 Series H Warrants, 1,000 Series I Warrants and 1,000 Series J Warrants, with each warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.15. The warrants' expiry dates range from three to five years from the date of issuance.

In total, 4,443,000 common shares and 4,443,000 common share purchase warrants were issued for gross proceeds of \$499,838, or \$488,170 net of issuance costs of \$11,668.

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(Note 4 - continued)

Proceeds from the private placement were allocated to common share capital and warrant capital using the relative fair value method. The fair value of common share capital was determined using the closing price of the Company's common shares on January 21, 2013 and the fair value of warrant capital was determined using the Black-Scholes option pricing model, using the following assumptions:

	Series H Warrants	Series I Warrants	Series J Warrants
Exercise price	\$0.15	\$0.15	\$0.15
Risk free interest rate	1.50%	1.50%	1.50%
Expected dividend yield	0%	0%	0%
Expected share volatility	111.43%	108.24%	115.39%
Expected life	3 years	4 years	5 years

The following table presents changes in warrant capital:

	Number of warrants	Amount
Balance, December 31, 2012	6,567,500	\$ 2,649,239
Warrants issued, private placement (b)	4,443,000	207,254
Warrants expired (c)	(6,567,500)	(2,649,239)
Balance, September 30, 2013	4,443,000	\$ 207,254

(c) Warrant expiry

On April 1, 2013, 6,567,500 Series E common share purchase warrants previously issued for the purchase of 6,567,500 common shares at a price of \$1.00 expired unexercised. The tax effect of the expiration of these warrants has been recorded as an increase to contributed surplus of \$163,700. In addition, the tax effect of \$617,900 of previously unrecognized non-capital losses has now been recognized with a corresponding decrease of \$163,700 to contributed surplus.

5. Related party transactions

Key management personnel transactions

A director of the Company held a 10% interest in a firm providing the Company with advisory services. For the three months ended September 30, 2013, the Company paid advisory fees to the related company of \$30,000. No advisory fees were paid to the related company in the first six months of 2013 or the 2012 fiscal year.

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 and nine months ended September 30, 2013, the Company paid rent to the related company of \$3,000 and \$9,000, respectively (three and nine months ended September 30, 2012 - \$3,000 and \$9,000, respectively), 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

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

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(Note 5 - continued)

Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. For the nine months ended September 30, 2013, Directors and Senior Officers converted a total of \$35,536 accrued dividends into 206,806 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, 2012	2,861,951	\$ 0.28	3.5
Granted	551,268	\$ 0.29	
Forfeited	(10,000)	\$ 0.37	
Outstanding June 30 and September 30, 2013	3,403,219	\$ 0.28	3.1

The options outstanding at September 30, 2013 have exercise prices ranging from \$0.12 to \$0.60.

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

Exercise price	\$0.225 to \$0.295
Estimated fair value at grant	\$0.176 to \$0.239
Risk free interest rate	1.125% to 1.250%
Expected dividend yield	0%
Expected share volatility	110.02% to 165.82%
Expected average option life	1 - 5 years

Of the 3,403,219 unexercised options as at September 30, 2013, 3,172,000 had vested and were exercisable, with exercise prices ranging from \$0.12 to \$0.60 per share.

7. Loss per share

There were no dilutive items outstanding at September 30, 2013 or at September 30, 2012. 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 September 30, 2013, a total of 7,846,219 (September 30, 2012 – 9,118,631) warrants and options were outstanding, and 750,000 convertible preference shares were outstanding, which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares (September 30, 2012 – 2,419,355 common shares and 1,209,678 warrants) at the option of the holder.

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8. Supplementary cash flow information

For the nine months ended September 30	2013	2012
Changes in non cash working capital:		
Trade and other receivables	\$ 610	\$ (315,996)
Prepaid expenses	(54,876)	4,150
Accounts payable and accrued liabilities	38,885	(41,432)
Unearned revenue	112,892	79,242
Unrealized foreign exchange losses related to non-cash working capital	(14,581)	(17,865)
	\$ 82,930	\$ (291,901)

Non-cash activities:

- In the nine months ended September 30, 2013, the Company recorded accrued dividends in the amount of \$67,315, and converted \$58,860 accrued dividends into common shares.
- On April 1, 2013, 6,567,500 Series E common share purchase warrants previously issued for the purchase of 6,567,500 common shares at a price of \$1.00 expired unexercised.

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, 2012.

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	September 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Secured term credit facility	(568,474)	(492,217)	(559,016)	(448,139)
Preference shares	(661,439)	(694,679)	(621,161)	(613,580)
Debt financing of software licence	(110,833)	(110,833)	(244,253)	(244,253)
	\$ (1,340,746)	\$ (1,297,729)	\$ (1,424,430)	\$ (1,305,972)

The fair value of the Company's long term debt, which is determined for disclosure purposes, is calculated using the present value of future principal and interest payments, discounted at the current market rates of interest available to the Company for the same or similar debt instruments with the same remaining maturity.

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(Note 10 - continued)

Interest rates used for determining fair value

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

	September 30, 2013	December 31, 2012
Secured term credit facility	19.00%	19.00%
Preference shares	19.00%	19.00%
Debt financing of software licence	9.93%	9.93%

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 United States. Information regarding the results of each geographic area is included below:

	Three months ended			
	September 30, 2013			
	Canada	United States	United Kingdom	Total
Revenue	\$ 758,245	\$ 284,694	\$ 11,644	\$ 1,054,583
Equipment	386,797	-	-	386,797
Intangible assets	157,000	-	-	157,000

	Three months ended			
	September 30, 2012			
	Canada	United States	United Kingdom	Total
Revenue	\$ 875,690	\$ 78,393	\$ 11,982	\$ 966,065
Equipment	331,760	-	-	331,760
Intangible assets	261,667	-	-	261,667

	Nine months ended			
	September 30, 2013			
	Canada	United States	United Kingdom	Total
Revenue	\$ 2,009,518	\$ 704,633	\$ 35,270	\$ 2,749,421
Equipment	386,797	-	-	386,797
Intangible assets	157,000	-	-	157,000

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(All amounts in Canadian dollars)

(Note 11 - continued)

	Nine months ended September 30, 2012			
	Canada	United States	United Kingdom	Total
Revenue	\$ 2,040,334	\$ 340,150	\$ 35,767	\$ 2,416,251
Equipment	331,760	-	-	331,760
Intangible assets	261,667	-	-	261,667

Two customers each accounted for more than 10% of total revenue, and together represent approximately 64% and 63% of total revenue for the three and nine months ended September 30, 2013, respectively.

Two customers each accounted for more than 10% of total revenue, representing 82% of total revenue for the three months ended September 30, 2012. Three customers each accounted for more than 10% of total revenue, representing 84% of total revenue for the nine months ended September 30, 2012.

At September 30, 2013, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 80% of trade accounts receivable at September 30, 2013, of which 100% was collected subsequent to September 30, 2013.

At September 30, 2012, two customers each accounted for more than 10% of net trade accounts receivable, totalling approximately 97% of trade accounts receivable at September 30, 2012, of which 100% was collected subsequent to September 30, 2012.

12. Commitments

On June 1, 2013, the Company entered into a multi-year agreement to licence certain Ontario property information which will enable the Company to develop and sub-licence a new property analysis related product. This agreement commits the Company to minimum annual purchases, other than in the first year of the contract, totaling \$3,200,000 over a period of seven years.

The Company is committed to minimum payments under the purchase commitment and operating leases in the following amounts:

As at	June 30, 2013
Due within 1 year	\$ 71,856
Due from 1 to 2 years	3,609
Due from 2 to 5 years	1,100,000
Due more than 5 years	2,100,000

iLOOKABOUT Corp.

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13. 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.

14. Subsequent event

(i) Conversion of Unpaid Dividends:

On October 9, 2013, the Company issued 77,800 Common Shares to settle \$18,674 of accrued dividends on its Series 1 Preference Shares, based on a closing market price of the Common Shares on September 30, 2013 of \$0.24.