iLOOKABOUT Corp.

Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

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 International Financial Reporting Standards ("IFRS").

Management is also responsible for establishing and maintaining adequate internal control over financial reporting processes that include those policies and procedures that provide reasonable assurance over the safeguarding of assets and over the completeness, fairness and accuracy of the financial statements and other financial information.

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, CPA, CA
Chief Financial Officer
April 23, 2014

"Jeff Young"
Jeff Young
Chief Executive Officer
April 23, 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of iLOOKABOUT Corp.

We have audited the accompanying consolidated financial statements of iLOOKABOUT Corp., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of iLOOKABOUT Corp. as at December 31, 2013 and 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 23, 2014

London, Canada

iLOOKABOUT Corp.
Consolidated Statements of Financial Position

As at		**December 31, 2013**		**December 31, 2012**
Assets				
Current Assets:				
Cash	$	1,058,192	$	1,070,462
Trade and other receivables		245,363		294,017
Prepaid expenses and other current assets		165,738		164,055
		1,469,293		1,528,534
Equipment (note 4)		505,034		308,754
Intangible asset (note 5)		130,833		235,500
Total Assets	$	2,105,160	$	2,072,788
Liabilities and Shareholders' Deficiency				
Current Liabilities:				
Accounts payable and accrued liabilities	$	567,363	$	476,787
Unearned revenue		882,528		528,446
Current portion of long-term debt (note 7)		64,115		180,138
		1,514,006		1,185,371
Unearned revenue		406,499		503,560
Long-term debt (note 7)		1,247,063		1,244,292
Provision (note 7)		61,000		16,500
Shareholders' Deficiency		(1,123,408)		(876,935)
Commitments (note 14)				
Subsequent event (note 19)				
Total Liabilities and Shareholders' Deficiency	$	2,105,160	$	2,072,788

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

iLOOKABOUT Corp.
Consolidated Statements of Comprehensive Loss

Years ended December 31		2013		2012
Revenue	$	3,562,569	$	3,270,791
Direct operating expenses		1,298,130		1,157,718
Gross margin		2,264,439		2,113,073
Other operating expenses:				
Technology		926,063		951,299
Selling and business development		652,298		486,761
General and administration		1,475,330		1,288,945
		3,053,691		2,727,005
Loss from operations		(789,252)		(613,932)
Finance income (costs), net (note 18)		(260,731)		(174,788)
Foreign exchange gain (loss)		131,726		(38,628)
Loss for the year	$	(918,257)	$	(827,348)
Other comprehensive income (loss):				
Foreign exchange gain (loss) on the translation of foreign operations		(122,023)		41,042
Comprehensive loss for the year	**$**	**(1,040,280)**	**$**	**(786,306)**
Weighted average number of common shares				
Basic and diluted (note 12)		45,659,623		40,785,613
Loss per share				
Basic and diluted (note 12)	$	(0.02)	$	(0.02)

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

iLOOKABOUT Corp.
Consolidated Statements of Changes in Shareholders' Deficiency

Year ended December 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 year	-	-	-	-	-	(918,257)	-	(918,257)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	-	(122,023)	(122,023)
Comprehensive loss for the year	-	-	-	-	-	(918,257)	(122,023)	(1,040,280)
Dividend conversion (note 8(a))	71,568	-	-	-	-	-	-	71,568
Issuance of common shares and warrants (note 8(b))	280,916	207,254	-	-	-	-	-	488,170
Warrants expired (note 8(c))	-	(2,649,239)	-	1,413,340	1,235,899	-	-	-
Share-based compensation (note 10)	-	-	-	-	234,069	-	-	234,069
Balance at December 31, 2013	$ 8,834,916	$ 207,254	$ 139,468	$ -	$ 3,526,394	$ (13,744,001)	$ (87,439)	$ (1,123,408)

Year ended December 31, 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 year	-	-	-	-	-	(827,348)	-	(827,348)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	41,042	41,042
Comprehensive income (loss) for the year	-	-	-	-	-	(827,348)	41,042	(786,306)
Dividend conversion (note 8(a))	38,745	-	-	-	-	-	-	38,745
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 (note 10)	-	-	-	-	116,322	-	-	116,322
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)

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

iLOOKABOUT Corp.
Consolidated Statements of Cash Flows

Years ended December 31		2013		2012
Cash flows from operating activities				
Loss for the year	$	(918,257)	$	(827,348)
Adjustments for:				
Loss on disposal of equipment		4,926		863
Amortization of equipment		161,298		155,101
Amortization of intangible asset		154,392		78,500
Unrealized foreign exchange (gain) loss		(147,327)		63,692
Finance (income) costs, net (note 18)		260,731		174,788
Share-based compensation expense (note 10)		234,069		116,322
		(250,168)		(238,082)
Changes in non-cash working capital (note 13)		360,561		(115,766)
Interest paid		(59,597)		(42,840)
Interest received		252		136
Cash provided by (used in) operating activities		51,048		(396,552)
Cash flows from financing activities				
Repayment of finance lease liabilities		-		(11,523)
Repayment of debt financing of software licence (note 7(c))		(180,138)		(110,567)
Proceeds from options exercised		-		4,375
Corporate transaction costs (note 8)		(17,633)		(78,335)
Proceeds from issuance of common shares and warrants (note 8(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		302,067		1,508,770
Cash flows from investing activities				
Purchase of equipment (note 4)		(368,791)		(33,035)
Proceeds on disposal of equipment		6,287		1,378
Purchase of intangible asset (note 5)		(49,725)		(314,000)
Cash used in investing activities		(412,229)		(345,657)
Increase (decrease) in cash during the year		(59,114)		766,561
Effect of exchange rate fluctuations on cash		46,844		464
Cash - beginning of year		1,070,462		303,437
Cash - end of year	$	1,058,192	$	1,070,462

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

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 consolidated financial statements as at and for the year ended December 31, 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. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared by management in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements for the years ended December 31, 2013 and 2012 were authorized for issuance by the Board of Directors of the Company on April 23, 2014.

(b) Basis of measurement

These consolidated financial statements are presented in Canadian dollars ("CAD") and are prepared on the historical basis.

The consolidated statements of comprehensive loss are presented using the functional classification for expenses.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

Critical accounting estimates

The preparation of these consolidated financial statements requires management to apply judgement when making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ materially from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key areas of estimation are as follows:

(Note 2 - continued)

Revenue recognition

Revenue from sales arrangements that include multiple elements is allocated amongst the separately identifiable components based on the relative fair value of the components included in the arrangement. In order to allocate the total revenue from an arrangement with multiple elements, management is required to estimate the fair value of each of those elements. These estimates can affect the timing of revenue recognition over the term of the sales arrangement.

Amortization

Management is required to make certain estimates and assumptions when determining the amortization methods and rates, and residual values of equipment and intangible assets. Useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value.

Share-based compensation

Management is required to make certain estimates and assumptions when determining the grant date fair value of stock option awards and the number of awards that are expected to vest. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to risk-free interest rates, expected share volatility, expected dividend yield, forfeiture rates, and expected life.

Warrants

Management is required to make certain estimates and assumptions when determining the fair value of warrants and modifications of warrants, such as the extension of the warrant term. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to inputs to the Black-Scholes model including risk-free interest rates, expected share volatility, expected dividend yield, and expected life.

Compound financial instruments

In order to determine the appropriate allocation between the equity and liability components of financial instruments, Management must determine the fair value of a similar liability that does not contain an equity component. Determining this fair value requires Management to make assumptions with respect to the expected future amount and timing of cash outflows, including the payment of dividends, and an appropriate discount rate to calculate present value.

Term credit facility and provision

To establish the effective interest rate underlying the secured term credit facility and to establish a provision with respect to a bonus interest payment which will be due upon maturity of the debt, Management is required to make estimates with respect to the Company's expected financial results for fiscal 2014 and 2015, as it is these results upon which the bonus interest amount is to be calculated.

(Note 2 - continued)

Critical judgements in applying accounting policies

In the preparation of these consolidated financial statements management has made judgements, aside from those that involve estimates, in the process of applying the accounting policies. These judgements can have an effect on the amounts recognized in the financial statements.

Revenue recognition

Management must use judgement in determining whether the Company is acting as an agent or principal in a transaction based on an evaluation of risks and responsibilities taken by the Company. Judgement is required in each applicable revenue arrangement and all relevant facts and circumstances must be considered.

Income tax

Management is required to apply judgement in determining whether it is probable that deferred income tax assets will be realized. At December 31, 2013 and 2012, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the consolidated statements of financial position.

In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Accounts receivable

Management is required to use judgement in assessing the collectability of accounts receivable. Factors considered in making theses judgements include but are not limited to age of the receivable, payment history and financial condition of the debtor.

Impairment of non-financial assets

Management exercises judgement in assessing whether there are indications that an asset may be impaired. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company's operations. Management must also uses judgement in regularly assessing whether any previously recorded impairment losses should be reversed.

3. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

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

(Note 3 - continued)

(a) Basis of consolidation

Subsidiaries are legal entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT Global Inc., and iLOOKABOUT (US) Inc. iLOOKABOUT Global Inc. has been inactive since it was incorporated and in March 2013 was dissolved. All intercompany balances and transactions have been eliminated on consolidation.

(b) Revenue recognition

The Company earns revenue primarily from its StreetScape imagery, GeoViewPort geographical information system ("GIS") application, and related services which can be sold on a stand-alone basis or in a sales arrangement with multiple components. The Company also generates revenue from the provision of professional services.

Licence and transaction based revenue is primarily generated from the delivery of geo-coded, street-level images and related data. This 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. Transaction based revenue is recognized as transactions are completed and service is provided.

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 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 ("VSOE") of selling price, 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 licence as service is delivered.

(c) Financial instruments – non-derivative

(i) Initial recognition

The Company recognizes loans and receivables on the date that they originate. All other financial assets and financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All of the Company's financial assets are classified as loans and receivables. Under IFRS, loans and receivables are defined as financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value less any directly attributable transaction costs.

All of the Company's financial liabilities are classified as other liabilities. Other liabilities are recognized initially at fair value less any directly attributable transaction costs.

(Note 3 - continued)

(ii) Measurement

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method less any impairment losses. Loans and receivables comprise cash and trade and other receivables.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, long-term debt and finance lease liability are classified as other liabilities.

(iii) Offsetting policy

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(iv) De-recognition policy

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(v) Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset is measured at amortized cost, calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against accounts receivable.

(vi) Compound financial instruments

The financial liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, representing the holders' option to convert into common shares, is recognized initially at fair value determined as the excess of the face value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Note 3 - continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss.

(d) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of equipment have different useful lives, those components are accounted for as separate items of equipment and amortized separately.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized in gain (loss) on disposal of equipment in profit or loss.

Equipment is amortized over the estimated useful life of the asset based on the following:

Asset	Rate	Depreciation Method	Recorded as
Computer hardware	30%	Declining balance	Direct operating expenses
Computer software	100%	Declining balance	Direct operating expenses
Equipment – Virtual Tours	20%	Declining balance	Direct operating expenses
Equipment – StreetScape Imaging	2-4 years	Straight-line	Direct operating expenses
Furniture and equipment	20%	Declining balance	General and administration expenses
Leasehold improvements	lease term	Straight-line	General and administration expenses
Vehicles	30%	Declining balance	Direct operating expenses
Leased vehicles	30%	Declining balance	Direct operating expenses

In the year of acquisition, a half-year of amortization is recorded.

Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

(e) Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The balance of intangible assets relates to a software licence which was acquired to service a revenue contract. Amortization is recorded in direct operating expense on a straight-line basis over three years which corresponds to the term of the licence. Annually, Management assesses the appropriateness of the estimated useful lives and amortization methods.

A further intangible asset, which was acquired to service a revenue contract, and which was of a short-term nature, was included in other current assets. Amortization is recorded in direct operating expense on a straight-line basis over six months, which corresponds to the term of the licence.

(Note 3 - continued)

(f) 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.

At each reporting date, Management assesses whether there is an indication that a previously recognised impairment loss has reversed, and accordingly whether the impairment loss should be reversed.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

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.

(g) Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred, unless certain criteria are met for recognition as an intangible asset. Software development costs incurred prior to establishment of technological feasibility do not meet these criteria. To date, the Company has not recognized any development costs as intangible assets.

(h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. While estimates inherently involve varying degrees of uncertainty, only in extremely rare circumstances will a reliable estimate not be able to be made.

(i) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized through profit or loss unless they arise from business combinations or items charged directly to equity or in other comprehensive loss.

Current tax is the expected taxes payable or receivable within the following twelve months and is based on taxable income or loss using tax rates enacted or substantively enacted at the reporting date, combined with any adjustments to taxes payable in respect of previous years.

(Note 3 - continued)

Deferred tax assets and liabilities are recognized based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levies by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced when, in management's judgement, it is no longer probable that the related tax benefit will be realized.

(j) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service by the employee and the obligation can be estimated readily.

(k) Investment tax credits

The Company applies for 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 received, they are accounted for as a reduction in the related expenditure or as a reduction of the related equipment cost.

(l) Lease payments

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 as the payments become due.

(m) Finance Costs

Finance costs consist of interest on borrowings and finance leases, long-term debt accretion, and dividends on preference shares. Finance costs are recognized as they accrue using the effective interest method.

(Note 3 - continued)

(n) 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 income (loss) in the translation reserve in shareholders' deficiency.

(o) Share-based compensation

All stock options granted to employees, directors and contractors are settled with shares of the Company. The expense and corresponding increase in contributed surplus in shareholders' equity (deficiency) are determined based on the grant date fair value of the award and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the exercise of the option, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no adjustment for the difference between expected and actual outcomes.

Share-based awards issued to contractors are measured based on the fair value of the goods and services received unless that fair value cannot be estimated reliably. If the fair value of the goods and services cannot be reliably measured, then the fair value of the equity instruments granted will be used to recognize the expense.

(p) Loss per share

The Company presents basic and diluted loss per share data. Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. When a net loss is incurred, basic and diluted loss per share are the same because the exercise of options and warrants are anti-dilutive.

(Note 3 - continued)

(q) Recent accounting pronouncements not yet adopted

The IASB has issued new standards and amendments to existing standards. These changes in accounting are not yet effective at December 31, 2013, and could have an impact on future periods.

IAS 32, Financial Instruments: Presentation
In December 2011, the IASB amended IAS 32 to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Company is currently assessing the impact of this amendment on the consolidated financial statements.

IFRS 9, Financial Instruments
The IASB issued IFRS 9, will ultimately replace IAS 39, *Financial Instruments: Recognition and Measurement*, and augments the previously issued IFRS 9 (2010). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. This standard is anticipated to become effective on January 1, 2017. The Company is currently evaluating the impact of this new standard on the consolidated financial statements.

IAS 36, Impairment of Assets
The IASB has issued amendments to IAS 36, *Impairment of Assets*. The amendments require recoverable amounts to be disclosed only when an impairment loss has been recognized or reversed. The amendments become effective January 1, 2014. As the amendments impact certain disclosure requirements only, the Company does not expect the amendments to have a material impact on the consolidated financial statements.

4. Equipment

	Computer hardware	Computer software	Equipment – Virtual Tours	Equipment – StreetScape	Furniture and equipment	Leasehold improvements	Vehicles	Leased vehicles	Total
Cost or deemed cost									
Balance at December 31, 2011	727,796	193,638	20,971	297,135	135,069	48,677	71,249	29,735	1,524,270
Additions	20,561	3,020	-	8,879	575	-	-	-	33,035
Reclassification	-	-	-	-	-	-	29,735	(29,735)	-
Disposals	-	-	-	(27,861)	-	-	(9,056)	-	(36,917)
Balance at December 31, 2012	748,357	196,658	20,971	278,153	135,644	48,677	91,928	-	1,520,388
Additions	162,202	5,481	-	110,781	2,854	-	87,473	-	368,791
Disposals	-	-	-	(10,339)	-	-	(42,109)	-	(52,448)
Balance at December 31, 2013	910,559	202,139	20,971	378,595	138,498	48,677	137,292	-	1,836,731
Amortization and impairment losses									
Balance at December 31, 2011	462,362	193,638	16,495	253,744	89,787	33,597	35,476	4,460	1,089,559
Amortization	82,715	1,510	895	35,012	9,114	7,541	14,523	3,791	155,101
Reclassification	-	-	-	-	-	-	8,251	(8,251)	-
Disposals	-	-	-	(27,646)	-	-	(5,380)	-	(33,026)
Balance at December 31, 2012	545,077	195,148	17,390	261,110	98,901	41,138	52,870	-	1,211,634
Amortization	85,315	4,250	716	34,474	7,634	5,595	23,314	-	161,298
Disposals	-	-	-	(9,751)	-	-	(31,484)	-	(41,235)
Balance at December 31, 2013	630,392	199,398	18,106	285,833	106,535	46,733	44,700	-	1,331,697
Carrying amounts									
At December 31, 2013	280,167	2,741	2,865	92,762	31,963	1,944	92,592	-	505,034
At December 31, 2012	203,280	1,510	3,581	17,043	36,743	7,539	39,058	-	308,754

5. Intangible assets

Cost		
At December 31, 2011	$	122,857
Addition		314,000
At December 31, 2012 and 2013	$	436,857

Accumulated Amortization and Impairment Loss		
At December 31, 2011	$	122,857
Amortization		78,500
At December 31, 2012	$	201,357
Amortization		104,667
At December 31, 2013	$	306,024

Carrying amounts		
At December 31, 2013	$	130,833
At December 31, 2012	$	235,500

In March 2012, the Company acquired a software licence, which is being amortized on a straight-line basis over the licence term of 3 years, until March 2015.

In June 2013, the Company acquired a software licence in the amount of $49,725, which, due to its short-term nature, was included in other current assets. The licence was amortized on a straight-line basis over the licence term of six months, until December 2013. At December 31, 2013, its carrying amount was $0.

6. Income taxes

The components of income tax expense (benefit) for the years ended December 31, 2013 and 2012 were as follows:

		Year ended December 31, 2013		**Year ended December 31, 2012**
Current tax expense	$	-	$	-
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	$	(3,000)	$	(135,000)
Effect of tax rate changes		(8,700)		(180,500)
Change in unrecognized deductible temporary differences		(34,100)		231,500
Other		45,800		84,000
Deferred tax benefit	$	-	$	-

(Note 6 - continued)

The recovery of income tax differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rate to the comprehensive loss before income taxes for reasons as follows:

		Year ended December 31, 2013		Year ended December 31, 2012
Statutory income tax rate		**26.50%**		**26.50%**
Computed income tax expense (recovery)	$	(275,700)	$	(208,400)
Increase (decrease) in income tax resulting from:				
Amounts not deductible for tax		107,500		72,800
Change in unrecognized deductible temporary differences		(34,100)		231,500
Effect of tax rate changes		(8,700)		(180,500)
Other		211,000		84,600
Income tax expense	$	-	$	-

As at December 31, 2013 and 2012, deferred tax assets have not been recognized in respect of the following items:

		December 31, 2013		December 31, 2012
Non-capital losses	$	2,207,200	$	2,302,700
Deductible temporary differences		1,176,600		1,115,200
	$	3,383,800	$	3,417,900

In assessing the ability to realize the benefit of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the deferred tax assets and available tax planning strategies in making this assessment. To the extent that management believes it is probable the deferred tax assets will be realized, that portion of the deferred tax assets is recognized in the financial statements. Based on this assessment, the deferred tax assets as at December 31, 2013 and 2012 have not been recognized in the consolidated financial statements.

As at December 31, 2013, the Company had non-capital loss carry-forwards of approximately $8,043,000 that expire between 2014 and 2033.

As at December 31, 2013, the Company also had Scientific Research and Experimental Development (“SR&ED”) expenditures of approximately $3,529,000 available for future years. These SR&ED expenditures do not expire. In addition, the Company has unused investment tax credits of approximately $699,000.

7. Long-term debt

		December 31, 2013		December 31, 2012
(a) Secured term credit facility	$	571,626	$	559,016
(b) Debt component of Series 1 Preference Shares		675,437		621,161
(c) Debt financing of software licence		64,115		244,253
	$	**1,311,178**	**$**	**1,424,430**

		December 31, 2013		December 31, 2012
Due within 1 year	$	64,115	$	180,138
Due between 1 and 5 years		1,247,063		1,244,292
Due thereafter		-		-
	$	**1,311,178**	**$**	**1,424,430**

(a) *Secured term credit facility*

		Face Value		Carrying Value
Balance, as at issuance	$	600,000	$	549,558
Accretion expense		-		9,458
Balance, December 31, 2012	**$**	**600,000**	**$**	**559,016**
Accretion expense		-		12,610
Balance, December 31, 2013	**$**	**600,000**	**$**	**571,626**

The Company has a term credit facility which allows the Company to draw up to $2,000,000. The facility provides for the distribution of the financing in stages, subject to the Company meeting specified performance milestones.

In March 2012, the Company achieved the required performance milestones to trigger the first disbursement of $600,000 and received these funds at that time.

Key terms of the credit facility include the following:

- Principal of $2,000,000 to be released in three disbursements of $600,000, $500,000 and $900,000;
- Disbursements are to be triggered by the achievement of pre-determined performance milestones;
- Acceptance of triggered disbursements is at the option of the Company;
- Interest at the rate of 5% per annum;
- Maturity date of April 15, 2016;
- Bonus interest payment, to be calculated and paid at maturity, based on the Company's financial performance in the final two fiscal years of the loan;
- Provides for monthly interest payments only. All principal amounts are due and payable at maturity or earlier in the event of default; and
- The credit facility is collateralized by a first ranking general security agreement covering all assets of the Company and a first assignment of two key man life insurance policies for up to $2,000,000.

(Note 7 - continued)

As at December 31, 2013 and 2012, the Company had not achieved the pre-determined milestones required to trigger further disbursements. In March 2014, the second and third tranches of the facility were cancelled without being drawn upon.

A provision has been recorded with respect to the bonus interest payment. In order to estimate the expected bonus amount, Management has estimated the expected financial results for fiscal years 2014 and 2015, as this is the basis for the bonus calculation. A very high degree of uncertainty exists with respect to the reliability of Management's estimates of the future financial results upon which this bonus will be calculated. Actual results could differ materially from these estimates.

The initial bonus amount estimate of $103,000 established at the inception of the loan will be accreted over the term of the loan. When a material change in the expected financial results occurs, Management reassesses the bonus estimate and adjusts the provision accordingly, by discounting the revised estimated cash flows using the original effective interest rate of 8.5%, calculated at the inception of the loan. The difference between the current and revised present value of the estimated bonus is recorded in the period the estimate is revised as finance cost with the offset being an increase in the related provision. The remaining difference is recognized over the remaining term of the financing.

In December 2013, Management revised the estimated bonus from $103,000 to $130,000. As at December 31, 2013 the provision recognized was $61,000 (2012 – $16,500).

(b) *Series 1 Preference Shares*

		Face Value		Carrying Value
Balance, as at issuance	$	750,000	$	583,335
Accretion expense		-		37,826
Balance, December 31, 2012	**$**	**750,000**	**$**	**621,161**
Accretion expense		-		54,276
Balance, December 31, 2013	**$**	**750,000**	**$**	**675,437**

In March 2012, the Company issued 750,000 Series 1 Preference Shares ("Preference Shares") at a subscription price of $1.00 per share. These Preference Shares are fully paid, have no par value and have no voting rights. They carry a cumulative dividend rate of 12% per annum and are convertible into common shares and warrants at the option of the holder, subject to certain conversion requirements.

The key terms of the Preference Shares include the following:

- Redeemable after the third anniversary of issuance at the option of the Company or the holder at a Redemption Amount of $1.00 per share;
- Fixed preferential cumulative dividends at a rate of 12% per annum. Dividends shall be paid when declared by the Board of Directors or the cumulative balance can be converted to common shares, in certain circumstances, at the option of the holder, at the market price of the common shares on the day before the conversion right is exercised.;
- Convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share until the third anniversary of the issuance of these shares, subject to certain earlier conversion requirements and later conversion rights in specified circumstances; and

(Note 7 - continued)

- Each Unit consists of one common share and one-half of a warrant to purchase one common share at an exercise price of $0.31 per full warrant, which warrants are exercisable until the last business day preceding the fifth anniversary of the issuance of the Preference Shares, subject to certain earlier exercise requirements in specified circumstances.

The liability component of these shares was recognized initially at fair value of $605,284 less transaction costs of $21,949. The fair value was determined based on the present value of the contractual principal and dividend payments to the initial redemption date, using a discount rate of 19%, being the market rate applicable to a non-convertible financial instrument at the date of issuance. Subsequent to initial recognition, this liability component will be accreted to the initial redemption date of the Preference Shares through the recording of an accretion expense using the effective interest method. The equity component, representing the conversion option, was recognized at the fair value of $144,716 net of transaction costs of $5,248 in the conversion option reserve.

As at December 31, 2013 accrued but unpaid dividends with respect to the Preference Shares totaled $41,326 (December 31, 2012 - $28,859) and are included in accounts payable and accrued liabilities in the consolidated statement of financial position. See note 8(a) for conversion of unpaid dividends into common shares.

(c) *Debt financing of software licence*

		Carrying Value
Balance, as at issuance	$	354,820
Repayment of financing		(110,567)
Balance, December 31, 2012	**$**	**244,253**
Repayment of financing		(180,138)
Balance, December 31, 2013	**$**	**64,115**

In April 2012, the Company executed an agreement, at an effective interest rate of 9.93%, to finance a software licence in the amount of $354,820. This financing arrangement requires equal monthly payments of $16,361 over a two year term.

8. Share and warrant capital

			December 31, 2013		December 31, 2012	
	Expiry date	**Exercise price**	**Issued**	**Amount**	**Issued**	**Amount**
Issued and outstanding:						
Common shares			45,818,365	$ 8,834,916	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			50,261,365	$ 9,042,170	47,532,035	$ 11,131,671

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, 2011		**40,710,417**	**$**	**8,428,961**
Shares issued, dividend conversion	(a)	219,118		38,745
Options exercised		35,000		14,726
Balance, December 31, 2012		**40,964,535**	**$**	**8,482,432**
Shares issued, dividend conversion	(a)	410,830		71,568
Shares issued, private placement	(b)	4,443,000		280,916
Balance, December 31, 2013		**45,818,365**	**$**	**8,834,916**

(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.

(Note 8 - continued)

In October 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling $ 18,673 into common shares. As a result, the Company issued 77,800 common shares, based on a closing market price on September 30, 2013 of $0.24. The Company recorded $17,233, net of costs of issuance of $1,440, 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.

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, 2011		**6,567,500**	**$**	**2,242,054**
Warrant modification		-		407,185
Balance, December 31, 2012		**6,567,500**	**$**	**2,649,239**
Warrants issued, private placement	(b)	4,443,000		207,254
Warrants expired	(c)	(6,567,500)		(2,649,239)
Balance, December 31, 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.

9. Related party transactions

Key management personnel compensation
In addition to their salaries and any bonuses, the Company also provides non-cash benefits to key management personnel. Key management personnel also participate in the Company's Stock Option Plan discussed in note 10.

Key management personnel include the directors and officers of the Company.

Key management personnel compensation is included in General and administration, and Technology expenses and comprised the following:

	2013	2012
Short-term employee benefits	$ 574,880	$ 591,375
Share-based compensation	197,684	94,142
	$ 772,564	**$ 685,517**

Key management personnel transactions

A director of the Company held a 10% interest in a firm providing the Company with advisory services. In November 2013, this director ceased to hold a 10% or greater interest in the advisory services firm. In 2013, during the time that the director was a related party of the advisory services firm, the Company paid advisory fees to the related company of $30,000.

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 year ended December 31, 2013, the Company paid rent to the related company of $12,000 (2012 - $12,000), 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 Senior Officers of the Company participated in the March 2012 private placement of Preference Shares.

Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. In 2013, Directors and Senior Officers converted a total of $43,082 (2012 - $28,435) accrued dividends into 238,239 common shares (2012 - 157,968).

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

10. Personnel expenses and share-based compensation

Personnel expenses

Personnel expenses consist of and are presented in the consolidated statements of comprehensive loss as follows:

		2013		2012
Wages, salaries and benefits	$	2,069,348	$	1,953,977
Share-based compensation		234,069		116,322
	$	**2,303,417**	**$**	**2,070,299**
Direct operating expenses		286,763		285,388
Technology		866,066		864,053
Selling and business development		366,103		289,162
General and administration		784,485		631,696
	$	**2,303,417**	**$**	**2,070,299**

Share-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 contractors. 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. Such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes. The Board of Directors 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 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, 2011	2,457,558	$	0.40	2.8
Granted	1,203,826	$	0.14	
Exercised	(35,000)	$	0.13	
Expired	(419,433)	$	0.49	
Forfeited	(345,000)	$	0.41	
Outstanding December 31, 2012	2,861,951	$	0.28	3.5
Granted	1,414,393	$	0.23	
Forfeited	(10,000)	$	0.37	
Outstanding December 31, 2013	4,266,344	$	0.27	3.3

The options outstanding at December 31, 2013 have exercise prices ranging from $0.12 to $0.60. All options outstanding had a contractual life of 5 years upon grant.

(Note 10 - continued)

The terms relating to options outstanding as at December 31, 2013 are as follows:

Personnel entitled and Grant Date	Options Granted		Exercise Price	Vesting conditions
Key management personnel:				
January 2, 2009	120,000	$	0.220	Fully vested upon grant.
May 29, 2009	125,000	$	0.380	Vesting is 50% upon grant and 50% at January 1, 2010
March 15, 2010	115,000	$	0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
June 1, 2010	200,000	$	0.600	Fully vested upon grant.
December 1, 2010	255,000	$	0.380	Fully vested upon grant.
May 25, 2011	281,875	$	0.370	Fully vested upon grant.
December 30, 2011	276,250	$	0.300	Fully vested upon grant.
April 25, 2012	100,000	$	0.120	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
June 29, 2012	329,688	$	0.150	Fully vested upon grant.
September 28, 2012	88,318	$	0.170	Fully vested upon grant.
December 31, 2012	485,820	$	0.150	Fully vested upon grant.
June 12, 2013	459,643	$	0.295	Fully vested upon grant.
June 12, 2013	41,625	$	0.295	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
December 31, 2013	863,125	$	0.200	Fully vested upon grant.
Other employees and contractors:				
November 18, 2009	250,000	$	0.480	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
March 15, 2010	300,000	$	0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
April 25, 2011	50,000	$	0.290	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
April 25, 2012	200,000	$	0.120	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
June 12, 2013	50,000	$	0.225	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.

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:

	2013	2012	All Options
Exercise price	$0.20 to $0.295	$0.12 to $0.17	$0.12 to $0.60
Estimated fair value at grant	$0.20 to $0.295	$0.15 to $0.17	$0.15 to $0.60
Risk free interest rate	1.13% to 1.95%	0.88% to 1.63%	0.88% to 3.00%
Expected dividend yield	0%	0%	0%
Expected share volatility	110% to 166%	100% to 109%	96% to 166%
Expected average option life	1 - 5 years	2.5 - 5 years	1 - 5 years

For the year ended December 31, 2013, the Company recorded share-based compensation expense of $234,069 (2012 - $116,322) related to stock options granted to employees, officers, contractors and directors, which is included in direct operating expense, technology expense, selling and business development expense, and general and administration expense.

Of the 4,266,344 unexercised options as at December 31, 2013, 4,035,125 had vested and were exercisable, with exercise prices ranging from $0.12 to $0.60 per share.

11. Investment Tax Credits and Government Assistance

The Company received refunds with respect to Scientific Research and Experimental Development ("SR&ED") tax credits in the amount of $48,139 during the year ended December 31, 2013 (2012 - $55,726). In each year, the entire amount was recorded as a reduction of direct operating expenses in the consolidated statements of comprehensive loss.

12. Loss per share

There were no dilutive items outstanding at December 31, 2013 or at December 31, 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 December 31, 2013, there were a total of:

- 4,443,000 warrants outstanding (2012 – 6,567,500);
- 4,266,344 options outstanding (2012 – 2,861,951); and
- 750,000 convertible preference shares outstanding (2012 – 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 (2012 –2,419,355 and 1,209,678, respectively); and
- $41,326 of accrued but unpaid preference share dividends 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.

13. Supplementary cash flow information

		2013		**2012**
Changes in non cash working capital:				
Trade and other receivables	$	48,654	$	(32,751)
Prepaid expenses		(1,683)		15,848
Accounts payable and accrued liabilities		78,109		8,995
Unearned revenue		257,021		(84,744)
Unrealized foreign exchange losses related to non-cash working capital		(21,540)		(23,114)
	$	**360,561**	**$**	**(115,766)**

- In the year ended December 31, 2013, the Company recorded accrued dividends in the amount of $90,000, and converted $77,533 accrued dividends into common shares (2012 - $68,301 and $39,442 respectively).
- 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.

14. Commitments

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

As at		**December 31, 2013**
Due within 1 year	$	44,772
Due from 1 to 2 years		1,443
Due from 2 to 5 years		1,100,000
Due more than 5 years		2,100,000

15. 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.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee is responsible for assisting in developing and monitoring the Company's financial risk management policies. The Audit Committee reports regularly to the Board of Directors.

The Company's financial risk management policies are established to identify and analyze the financial risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits and controls. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the financial risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash.

Trade and other receivables
The Company's exposure to credit risk is influenced by the individual characteristics of each customer. Given the current volume of customers, the Company assesses the credit worthiness of each customer on a customer by customer basis.

The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is comprised entirely of a specific loss component that relates to individually significant exposures.

(Note 15 - continued)

Cash
The credit risk related to cash is minimized by ensuring cash is held only in highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency 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 and accrued liabilities. 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.

Interest rate risk
All of the Company's debt has fixed interest rates; therefore, changes in interest rates do not have an impact on the results of the Company.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's operational processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Officers of the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk. Annually, management identifies key risks and key controls. Where significant gaps are identified, consideration is given to likelihood and expected impact of the risk. Appropriate actions are taken based on this analysis.

A key component of the Company's risk management program is the maintenance of an insurance program. Annually, management reviews the appropriateness of its insurance coverage.

(Note 15 - continued)

Capital management

The Company defines capital as debt and equity (deficiency), which it determines as follows:

As at	December 31, 2013	December 31, 2012
Secured term credit facility	$ 571,626	$ 559,016
Preference Shares	675,437	621,161
Debt financing of software licence	64,115	244,253
Shareholders' Deficiency	(1,123,408)	(876,935)
	$ 187,770	$ 547,495

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. In order to maintain or adjust the capital structure, the Company may incur or repay debt, issue new shares, purchase shares for cancellation, or a combination thereof.

The Company is subject to certain financial covenants related to its long-term debt. These covenants are with respect to Adjusted Working Capital and Debt to Net Tangible Worth. Adjusted Working Capital is defined and calculated as current assets less current liabilities, excluding items that are not financial assets or financial liabilities. Management monitors covenant compliance and the factors affecting their calculation. The Company complied with all externally imposed covenants during the year and was in compliance as at December 31, 2013.

16. Financial instruments

Concentration of risk

Management regularly assesses its financial instruments to determine if there is a concentration of risk. Factors including but not limited to currency, geography and customer characteristics are considered. As at December 31, 2013 and 2012, Management determined that the only significant concentration of risk to which the Company's financial instruments are potentially exposed is that of geographic location of customers and foreign currency.

(Note 16 - continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

As at	December 31, 2013	December 31, 2012
Cash	$ 1,058,192	$ 1,070,462
Trade and other receivables	245,363	294,017
	$ 1,303,555	$ 1,364,479

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was as follows:

As at	December 31, 2013	December 31, 2012
Canada	$ 240,964	$ 282,429
United States	4,399	11,588
	$ 245,363	$ 294,017

Significant customers

At December 31, 2013, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 87% of trade accounts receivable at December 31, 2013, of which 81% was collected subsequent to December 31, 2013.

At December 31, 2012, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 91% of trade accounts receivable at December 31, 2012, of which 100% was collected subsequent to December 31, 2012.

Impairment losses

The aging of loans and receivables at the reporting date was:

As at	December 31, 2013	December 31, 2012
Current	$ 221,033	$ 240,741
Past due 1-90 days	18,168	50,421
Past due over 90 days	6,162	2,855
	$ 245,363	$ 294,017

(Note 16 - continued)

The movement in the allowance for doubtful accounts in respect of loans and receivables during the year was as follows:

Allowance for doubtful accounts at December 31, 2011	**$**	**46,283**
Increase in allowance		84,812
Allowance for doubtful accounts at December 31, 2012	**$**	**131,095**
Accounts written off		(127,187)
Allowance for doubtful accounts at December 31, 2013	**$**	**3,908**

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables. The allowance above has been established based on management's assessment of the likelihood of collection for specific customer balances.

Liquidity risk

The following are the remaining contractual cash flows, including estimated interest payments of financial liabilities at the end of the reporting dates:

As at December 31, 2013	Carrying Amounts	Contractual cash flows: Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 567,363	$ (567,363)	$ (567,363)	$ -	$ -	$ -
Secured term credit facility	571,626	(824,303)	(55,553)	(30,000)	(738,750)	-
Preference Shares	675,437	(856,353)	-	(856,353)	-	-
Debt financing of software licence	64,115	(65,447)	(65,447)	-	-	-
Operating leases	-	(46,215)	(44,772)	(1,443)	-	-
Purchase commitment	-	(3,200,000)	-	-	(1,100,000)	(2,100,000)
	$ 1,878,541	$ (5,559,681)	$ (733,135)	$ (887,796)	$ (1,838,750)	$ (2,100,000)

As at December 31, 2012	Carrying Amounts	Contractual cash flows: Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 476,787	$ (476,787)	$ (476,787)	$ -	$ -	$ -
Operating leases	-	(162,444)	(116,229)	(44,772)	(1,443)	-
Secured term credit facility	559,016	(801,974)	(30,000)	(30,000)	(741,974)	-
Preference shares	621,161	(937,729)	-	-	(937,729)	-
Debt financing of software licence	244,253	(261,787)	(196,340)	(65,447)	-	-
	$ 1,901,217	$ (2,640,721)	$ (819,356)	$ (140,219)	$ (1,681,146)	$ -

(Note 16 - continued)

The Company is obligated pay a bonus amount with respect to the secured term credit facility at the maturity of the loan. Included in the above noted contractual cash flows related to the secured term credit facility is an estimated bonus payment amount of $130,000. A very high degree of uncertainty exists with respect to the reliability of Management's estimates of the future financial results upon which this bonus will be calculated. Actual results could differ materially from these estimates.

Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (all amounts shown in CAD):

As at	**December 31, 2013**			
	CAD	**USD**	**GBP**	**Total**
Cash	$ 647,627	$ 410,565	$ -	$ 1,058,192
Trade and other receivables	240,964	4,399	-	245,363
Accounts payable and accrued liabilities	(554,057)	(13,306)	-	(567,363)
Long-term debt	(1,311,178)	-	-	(1,311,178)
	$ (976,644)	$ 401,658	$ -	$ (574,986)

As at	**December 31, 2012**			
	CAD	**USD**	**GBP**	**Total**
Cash	$ 688,564	$ 381,898	$ -	$ 1,070,462
Trade and other receivables	282,429	11,588	-	294,017
Accounts payable and accrued liabilities	(402,034)	(41,437)	(33,316)	(476,787)
Long-term debt	(1,424,430)	-	-	(1,424,430)
	$ (855,471)	$ 352,049	$ (33,316)	$ (536,738)

Sensitivity analysis
A 3% strengthening of the CAD against the USD at December 31, 2013 would have decreased equity and the loss for the year by approximately $14,000 (2012 – $11,000). A 3% weakening of the CAD against the USD at those dates would have had the equal but opposite effect, on the basis that all other variables remain constant.

A 3% strengthening of the CAD against the GBP at December 31, 2013 and 2012 would have had a nominal impact on equity and losses for the years then ended.

Interest rate risk

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not hold any variable rate financial assets or liabilities; therefore, a change in interest rates at the reporting date would not affect profit or loss.

(Note 16 - continued)

Fair Values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, are as follows:

As at	December 31, 2013				December 31, 2012			
	Carrying amount		Fair value		Carrying amount		Fair value	
Cash	$	1,058,192	$	1,058,192	$	1,070,462	$	1,070,462
Trade and other receivables		245,363		245,363		294,017		294,017
Accounts payable and accrued liabilities		(567,363)		(567,363)		(476,787)		(476,787)
Secured term credit facility		(571,626)		(724,090)		(559,016)		(448,139)
Preference shares		(675,437)		(794,624)		(621,161)		(613,580)
Debt financing of software licence		(64,115)		(64,115)		(244,253)		(244,253)
	$	(574,986)	$	(846,637)	$	(536,738)	$	(418,280)

Interest rates used for determining fair value

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

	2013	2012
Secured term credit facility	6.00%	19.00%
Preference shares	6.00%	19.00%
Debt financing of software licence	9.93%	9.93%

17. 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:

	Year ended December 31, 2013							
	Canada		United States		United Kingdom		Total	
Revenue	$	2,703,469	$	812,186	$	46,914	$	3,562,569
Finance (costs) income, net		(260,731)		-		-		(260,731)
Amortization		315,689		-		-		315,689
Trade and other receivables		240,964		4,399		-		245,363
Equipment		505,034		-		-		505,034
Intangible assets		130,833		-		-		130,833

(Note 17 - continued)

	Year ended December 31, 2012			
	Canada	United States	United Kingdom	Total
Revenue	$ 2,663,673	$ 559,368	$ 47,750	$ 3,270,791
Finance (costs) income, net	(174,788)	-	-	(174,788)
Amortization	233,601	-	-	233,601
Trade and other receivables	282,429	11,588	-	294,017
Equipment	308,754	-	-	308,754
Intangible assets	235,500	-	-	235,500

Two customers each accounted for more than 10% of total revenue, representing 65% of total revenue for the year ended December 31, 2013.

Three customers each accounted for more than 10% of total revenue, representing 80% of total revenue for the year ended December 31, 2012.

18. Finance (costs) income, net

	2013	2012
Finance income	$ 252	$ 136
Finance costs:		
Finance lease liability	-	(302)
Secured term credit facility - accretion expense	(12,610)	(9,458)
Secured term credit facility - interest costs	(43,394)	(22,211)
Secured term credit facility - bonus provision	(44,500)	(16,500)
Debt component of Series I Preference Shares - accretion expense	(54,276)	(37,826)
Debt component of Series I Preference Shares - accrued dividends	(90,000)	(68,301)
Debt financing of software licence	(16,203)	(20,326)
	$ (260,731)	**$ (174,788)**

19. Subsequent events

(i) Conversion of Unpaid Dividends

In January 2014, the Company issued 133,865 common shares to settle $26,775 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.

Pursuant to irrevocable directions from certain holders of the Preference Shares that were in place prior to the Company’s common shares being subject to the halt trade imposed as a result of the proposed reverse take-over transaction and non-arm’s length transaction (the “Proposed Transactions”) that the Company announced on December 18, 2013, such shareholders require the Company to convert their accrued but unpaid dividends on their Preference Shares into common shares.

The Company has received authorization from the TSXV to convert the accrued but unpaid dividends payable to arm’s length holders of Preference Shares at a rate of $0.20 per share, being the closing trading price of the Company’s common shares on December 18, 2013. In April 2014, the Company received direction from arm’s length Preference Share holders to convert accrued dividends in the amount of $11,412, which will result in the issuance of 57,057 common shares. In accordance with TSXV policy, these resulting common shares will be held in escrow pending the closing of the Proposed Transactions or such Proposed Transactions being terminated.

In respect of non-arm’s length holders of Preference Shares who currently have irrevocable directions to convert their accrued but unpaid dividends into common shares registered with the Company, TSXV policy requires that these dividends be converted at the pricing applicable to the Proposed Transactions or any financing completed in conjunction therewith. However, should the Proposed Transactions not be completed, the Company will convert these accrued dividends based on a 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 amount of dividends payable to non-arm’s length shareholders to be converted is $8,485.

(ii) Exercise of Stock Options

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

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