

iLOOKABOUT Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2017 (the "Period")

The information set forth below has been prepared as at November 24, 2017, and is derived from, and should be read in conjunction with, iLOOKABOUT Corp.'s (the "iLOOKABOUT" or the "Company") unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 (the "Reporting Date"), including the accompanying notes (the "Interim Financial Statements"), which can be found on SEDAR at www.sedar.com. This Management Discussion and Analysis (the "MD&A") is intended to assist in understanding the dynamics of the Company's business and key factors underlying its financial results. The Company's Annual Information Form (the "AIF") can also be found on SEDAR at www.sedar.com.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (the "IAS 34") using accounting policies consistent with International Financial Reporting Standards (the "IFRS"). By their nature, the Interim Financial Statements do not include all the information required for full annual financial statements, and so should be read in conjunction with the Company's 2016 audited annual consolidated financial statements prepared in accordance with IFRS, which can be found on SEDAR at www.sedar.com.

All dollar figures referred to herein are Canadian dollars unless otherwise stated. For narrative purposes, all dollar amounts have been rounded to thousands unless otherwise stated.

Forward-Looking Statements

This MD&A contains certain forward-looking statements within the meaning of applicable securities laws and regulations, related to, amongst other things, expected future events and anticipated financial and operating results of the Company. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Forward-looking statements are based on Management's expectations as at the date of this MD&A and are subject to various known and unknown risks and uncertainties that may cause the Company's actual results in future periods to differ materially from those expressed or implied in this MD&A. While Management considers the assumptions upon which such forward-looking statements are based to be reasonable and appropriate in light of the current information available to it, there is risk that such assumptions may not be correct or complete.

Certain factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statements included in this MD&A include, but are not limited to, risks associated with general economic conditions, risks associated with the Company's stage of development, operational risks (such as risks involved in developing new products and services, product performance warranties, risks associated with doing business with partners, risks from regulatory and legal proceedings, risks relating to the Company's dependence on certain customers, and human resource risks), financing risks (such as risks relating to liquidity and access to capital markets or debt financing) and market risks (including foreign currency fluctuations and changing interest rates). Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Additional information about some of these risk factors can be found in the Company's Annual Information Form which is incorporated herein by reference and can be found at www.sedar.com. Unless otherwise required by applicable securities laws, the Company expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

Management has included two non-GAAP financial measures to supplement information contained in the MD&A. These non-GAAP measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures employed by other reporting issuers. The non-GAAP measures contained in this MD&A are:

- (i) Adjusted Working Capital, which is defined and calculated by the Company as current assets less current liabilities, excluding items that are not financial assets or financial liabilities. Management believes Adjusted Working Capital provides meaningful information with respect to the liquidity of the Company. A reconciliation of working capital to Adjusted Working Capital is provided in the section entitled *“Liquidity and Capital Resources – Adjusted Working Capital”*.
- (ii) Adjusted EBITDA, which is defined and calculated by the Company as comprehensive income (loss) before interest, tax, depreciation, amortization and share-based compensation expenses. Management believes Adjusted EBITDA provides meaningful information with respect to the financial performance and value of the Company. A reconciliation of comprehensive income (loss) to Adjusted EBITDA is provided in the section entitled *“Overall Performance and Results of Operations – Adjusted EBITDA Reconciliation.”*

These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS. Our non-GAAP measures may not be comparable to those of other reporting issuers.

Business of the Company

iLOOKABOUT is a software, data analytics, and visual intelligence company focused on real property, serving primarily the property assessment, property taxation, municipal, insurance, and appraisal sectors, both public and private, in Canada and the United States (the US). The Company's primary offerings are noted below.

GeoViewPort™ and StreetScape™

GeoViewPort™ (the GVP) is a real property focused web-based application that targets the property assessment and appraisal industry by providing a leading-edge desktop review tool. GVP enables assessment professionals to simultaneously generate customized portals to view multiple elements related to a property, including iLOOKABOUT's StreetScape™ and other street level imagery, aerial imagery, advanced mapping tools, property valuation details, comparable property analysis, and structural characteristics, amongst others. GVP has developed into one of iLOOKABOUT's core product offerings, upon which a software architecture has been built to support a full suite of add-on tools and services.

To support the Company's customers' need to monitor the progress of assessment initiatives, the productivity of individual staff, and to audit activities, iLOOKABOUT has developed the GVP Management Module as an addition to the GVP suite of product offerings. GVP Management Module has now been implemented by a number of customers in the US responsible for property assessments. The Company has also launched a beta version of GVP Mobile Appraiser, rounding out the GVP suite. Designed to facilitate physical property inspections, the GVP Mobile Appraiser provides automated task management for data collection, optimized routing, real-time navigation to support data entry, sketch review and photo capture capabilities. In combination with the additional features of geo-location recording, geo-controlled data entry and user labeling and notation, the GVP Mobile Appraiser offers productivity enhancements to the workflow of the in-field appraiser. GVP Mobile Appraiser is both cross-browser and cross-device compatible.

Since 2007, iLOOKABOUT has been collecting and processing street-level images from public streets in targeted geographic areas to create a database of images and associated metadata (data about data or content items). Through the utilization of proprietary hardware and software systems for the capturing, processing and geo-coding of image data from a moving vehicle, each high-resolution StreetScape™ image is captured with a digital camera and geo-coded using publicly available Global Positioning Systems (the GPS). The iLOOKABOUT StreetScape image database is accessible via GVP, as well as all major mapping applications, including but not limited to, Google, Bing, Pictometry, ESRI, Intergraph, Bentley and Autodesk, through a secure web service.

To support the integration of its technology into customers' existing enterprise applications, the Company delivers professional programming and software development services in connection with its products to aid in customer implementation. This includes custom configuration and user interface modifications to suit the needs of the customer's user groups and tailoring of the application to the particular end-user's needs.

Real Property Tax Analytics

Real Property Tax Analytics (RPTA) is a property assessment analytics and software platform that combines data attributes of more than 5.1 million properties in Ontario, integrating mapping, imagery, and census data to deliver insightful comparable modeling and predictive valuations using proprietary algorithms. RPTA is currently being used primarily by municipal finance and taxation departments across Ontario. Regarded as a leading tool to support assessment-based management programs, this evolving offering is strategic for both large and small municipalities.

Other Applications

The Company has developed and/or supports web-based map applications, that leverage much of the architecture and data rendering techniques utilized in GVP, to service constituents of the tax assessment and appraisal process, including property assessors/appraisers, taxpayers and other municipal stakeholders.

Data Commercialization

iLOOKABOUT has developed products and services for customers looking to commercialize their assessment data through the delivery of reports and individual data requests to users through secure e-commerce transactions or by account. In addition to standardized reports, the Company also provides customized reports through an assisted fulfillment process.

Professional Services

To support users that require a facilitated experience to the Company's technology, iLOOKABOUT provides municipal property tax consulting and support services focused on the property and valuation sectors. These services are provided through Municipal Tax Advisory Group Inc. (MTAG), a wholly-owned subsidiary of iLOOKABOUT Corp., and MTAG Paralegal Professional Corporation, an entity indirectly controlled by the Company.

iLOOKABOUT is actively researching new product development opportunities through both leveraging our existing technologies and developing new products that serve a broader audience including, but not limited to, private sector end users.

iLOOKABOUT's Common Shares are traded on the TSX Venture Exchange (TSXV) under the symbol ILA.

Significant developments in the third quarter of 2017 include:

- In August 2017, the Company executed a multi-year services contract renewal with the Municipal Property Assessment Corporation (MPAC) for the Company to host and manage the Municipal Connect platform which is used by Ontario Municipalities in order to access detailed property and assessment related information in their jurisdictions.
- In September 2017, the GeoViewPort™ Mobile Appraiser application aimed at the property assessment marketplace was launched in beta version by the Company at the International Association of Assessing Officers 2017 Conference held in Las Vegas, Nevada.
- In September 2017, the Company terminated and replaced a Data Distributor Agreement with respect to real property related data.

Subsequent to the third quarter of 2017, the Company executed a multi-year services contract renewal with MPAC to host and manage MPAC's propertyline™ application for use by the Toronto Real Estate Board (TREB).

Overall Performance and Results of Operations

Summary of Quarterly Results

The financial information set forth below is derived from, and should be read in conjunction with, iLOOKABOUT's Interim Financial Statements, which can be found on SEDAR at www.sedar.com.

	Three months ended				Year ended
	March 31	June 30	Sept 30	Dec 31	Dec 31
Fiscal 2017	Unaudited				Audited
Revenue	\$ 2,080,615	\$ 2,476,217	\$ 2,461,007		
Earnings (loss)	(76,198)	(241,858)	110,839		
Comprehensive income (loss)	(70,315)	(220,610)	151,907		
Earnings (loss) per share - basic	-	-	-		
Earnings (loss) per share - diluted	-	-	-		
Adjusted EBITDA *	70,008	(992)	273,908		
Fiscal 2016	Unaudited				Audited
Revenue	\$ 2,149,704	\$ 2,192,692	\$ 2,255,283	\$ 2,193,277	\$ 8,790,956
Earnings (loss)	(154,814)	(295,592)	125,902	(172,855)	(497,359)
Comprehensive income (loss)	(112,157)	(295,354)	121,719	(190,848)	(476,640)
Earnings (loss) per share - basic	-	-	-	-	(0.01)
Earnings (loss) per share - diluted	-	-	-	-	(0.01)
Adjusted EBITDA *	51,504	(82,250)	305,697	44,134	319,085
Fiscal 2015	Unaudited				Audited
Revenue	\$ 1,516,419	\$ 2,059,810	\$ 2,277,269	\$ 1,628,227	\$ 7,481,725
Earnings (loss)	(537,446)	(541,959)	421,377	(301,808)	(959,836)
Comprehensive income (loss)	(618,964)	(519,666)	352,524	(325,106)	(1,111,212)
Earnings (loss) per share - basic	(0.01)	(0.01)	0.01	(0.01)	(0.02)
Earnings (loss) per share - diluted	(0.01)	(0.01)	0.01	(0.01)	(0.02)
Adjusted EBITDA *	(259,197)	(212,083)	562,481	(38,196)	53,005

**Adjusted EBITDA is a non-GAAP measure and is defined above.*

While there are certain quarter over quarter variations in the Company's financial results during the periods presented in the above table, the overall trends in the Company's financial performance have been (i) increasing revenue; (ii) improvements in comprehensive income (loss) and Adjusted EBITDA; and (iii) nominal change in basic and diluted earnings (loss) per share.

These improved trend results are primarily attributable to (i) new sales contracts awarded to the Company for the provision of hosted application services to enable the delivery of geo-spatial and real property related data to end users; and (ii) increased sales of third-party real property related data and derivative reports.

Variations in revenue on a quarter over quarter basis are primarily due to the timing of the delivery of products and services.

Variations in expenses on a quarter over quarter basis are generally due to (i) increases or decreases in the direct expense of licensing third-party data, which is driven by transactional sales volumes; and (ii) the seasonal timing of image capture and post-collection processing.

Other items which have contributed to variations on a quarter over quarter basis, during the period presented above include:

- (i) The receipt of funds of approximately \$197,000 in the third quarter of 2015 resulting from a successful Ontario Interactive Digital Media Tax Credit (OIDMTC) claim for a prior period, which was recorded as a reduction to expense within the financial statement line item under which the related expense was originally recorded; and
- (ii) A stock option grant in the first quarter of 2015 resulting in share-based compensation expense of approximately \$196,000.

Adjusted EBITDA Reconciliation

The following tables present reconciliations of Comprehensive Income (Loss) to Adjusted EBITDA, for the periods presented in the tables above.

	Three months ended				Year ended
	March 31	June 30	September 30	December 31	December 31
Fiscal 2017					
Comprehensive income (loss)	\$ (70,315)	\$(220,610)	\$ 151,907		
Add back:					
Amortization of equipment	34,891	28,260	28,257		
Amortization of intangible assets	58,175	57,230	57,978		
Finance (income) costs	259	(39)	(10,843)		
Share-based compensation expense	46,998	134,167	46,609		
Adjusted EBITDA	70,008	(992)	273,908		
Fiscal 2016					
Comprehensive income (loss)	\$ (112,157)	\$(295,354)	\$ 121,719	\$ (190,848)	\$ (476,640)
Add back:					
Amortization of equipment	33,101	33,218	45,072	37,958	149,349
Amortization of intangible assets	57,552	58,052	58,282	58,283	232,169
Finance costs	11,449	3,131	308	412	15,300
Share-based compensation expense	61,559	118,703	80,316	138,329	398,907
Adjusted EBITDA	51,504	(82,250)	305,697	44,134	319,085
Fiscal 2015					
Comprehensive income (loss)	\$ (618,964)	\$(519,666)	\$ 352,524	\$ (325,106)	\$ (1,111,212)
Add back:					
Amortization of equipment	41,727	45,024	45,071	45,241	177,063
Amortization of intangible assets	56,703	57,000	56,999	57,921	228,623
Finance costs	55,788	21,691	28,691	22,052	128,222
Share-based compensation expense	205,549	183,868	79,196	161,696	630,309
Adjusted EBITDA	(259,197)	(212,083)	562,481	(38,196)	53,005

**Adjusted EBITDA is a non-GAAP measure and is defined above.*

Discussion of Results of Operations

	Unaudited		Unaudited	
	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenue	\$ 2,461,007	\$ 2,255,283	\$ 7,017,839	\$ 6,597,679
Direct operating expenses	876,077	860,807	2,451,371	2,805,909
Gross margin	1,584,930	1,394,476	4,566,468	3,791,770
Other operating expenses:				
Technology	362,112	366,572	1,303,965	1,132,751
Selling and business development	230,564	223,520	692,505	830,224
General and administration	826,361	689,048	2,665,151	2,087,759
	1,419,037	1,279,140	4,661,621	4,050,734
Earnings (loss) from operations	165,893	115,336	(95,153)	(258,964)
Finance income (costs)	10,843	(308)	10,623	(14,888)
Foreign exchange gain (loss)	(65,897)	10,874	(122,687)	(50,652)
Earnings (loss) for the period	\$ 110,839	\$ 125,902	\$ (207,217)	\$ (324,504)
Other comprehensive income (loss):				
Items that will not be reclassified to earnings (loss) for the period:				
Foreign exchange gain (loss) on the translation of foreign operations	41,068	(4,183)	68,198	38,712
Comprehensive income (loss) for the period	\$ 151,907	\$ 121,719	\$ (139,019)	\$ (285,792)
Loss per share, basic and diluted	\$ -	\$ -	\$ -	\$ (0.01)
Adjusted EBITDA*	\$ 273,908	\$ 305,697	\$ 342,923	\$ 274,951

*Adjusted EBITDA is a non-GAAP measure and is defined above.

Revenue

Nature of Services:

The Company generates revenue from the provision of visual and data services and from consulting services. See “Company Overview” section above for further details.

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Visual and data services	\$ 2,289,451	\$ 2,021,679	\$ 6,425,745	\$ 5,927,920
Consulting services	171,556	233,604	592,094	669,759
Total	\$ 2,461,007	\$ 2,255,283	\$ 7,017,839	\$ 6,597,679

Revenue increased 9% to \$2,461,000 from \$2,255,000 for the three months ended September 30, 2017 and 2016, respectively. This increase was primarily attributable to (i) an increase of approximately \$113,000 in revenue generated from the licensing of software, StreetScape™ imagery and real property data; (ii) an increase of approximately \$119,000 related to the sub-contracting of certain data verification and processing services to support a multi-year, US-based services agreement for which services commenced in the second quarter of 2017; and (iii) an increase of approximately \$67,000 related to custom software development. These increases were partially offset by (i) a decrease in revenue of approximately \$62,000 related to consulting services, and (ii) a decrease of approximately \$45,000 in revenue related to the re-licensing of certain third party data.

The three month period ended September 30, 2017 and 2016, included visual and data services revenue of approximately \$12,000 and \$nil, respectively, generated from the provision of services to a vendor in exchange for data licensed from the vendor.

Revenue increased 6% to \$7,018,000 from \$6,598,000 for the nine months ended September 30, 2017 and 2016, respectively. This increase was primarily attributable to (i) an increase of approximately \$292,000 in revenue generated from the licensing of software, StreetScape™ imagery and real property data; (ii) an increase of approximately \$220,000 related to the sub-contracting of certain data verification and processing services to support a multi-year, US-based services agreement for which services commenced in the second quarter of 2017; and (iii) an increase of approximately \$203,000 related to custom software development. This increase was partially offset by (i) a decrease of approximately \$333,000 in revenue related to the re-licensing of certain third party data; and (ii) a decrease in revenue of approximately \$78,000 related to consulting services.

The nine month period ended September 30, 2017 and 2016, included visual and data services revenue of approximately \$12,000 and \$nil, respectively, generated from the provision of services to a vendor in exchange for data licensed from the vendor.

Geographic Information:

The Company's US-based revenue increased 27% to \$452,000 from \$357,000 for the three months ended September 30, 2017 and 2016, respectively. This increase is primarily attributable to an increase of approximately \$283,000 in revenue generated from new contracts. Partially offsetting this increase was a decrease in revenue of approximately \$183,000 due to greater project deliveries in the third quarter of 2016 as compared to the same period in 2017.

The Company's US-based revenue increased 37% to \$1,064,000 from \$776,000 for the nine months ended September 30, 2017 and 2016, respectively. This increase is primarily attributable to an increase of approximately \$469,000 in revenue related to new contracts. Partially offsetting this increase was a decrease in revenue of approximately \$113,000 due to greater project deliveries in the first three quarters of 2016 as compared to the same period in 2017; and (ii) a decrease in revenue of approximately \$75,000 due to contract expiries.

Significant Customers:

Customers representing more than 10% of the Company's revenue are classified as "significant customers". For the three months ended September 30, 2017, the Company had two significant customers; one represented 56% and the other represented 11% of total revenue. For the three months ended September 30, 2016, the Company had two significant customers; one represented 53%, and the other represented 12% of total revenue.

For the nine months ended September 30, 2017, the Company had one significant customer that represented 56% of total revenue. For the nine months ended September 30, 2016, the Company had two significant customers; one represented 54%, and the other represented 16% of total revenue.

Gross margin

In accordance with applicable accounting standards, direct operating costs, including but not limited to, image capture and processing, sub-contractor fees, royalties and commissions, are recognized as they are incurred, while revenue is recognized over the period that the service is delivered. The nature of many of the Company's sales agreements is that a substantial amount of costs are incurred at the outset of the arrangement over a period of a few months, while at least a portion of the related revenue is recognized over a period of years. This can result in significant variances in gross margin on a period over period basis.

Gross margin increased 14% to \$1,585,000 from \$1,394,000 for the three months ended September 30, 2017 and 2016, respectively. This increase is mainly attributable to (i) increased revenue of approximately \$206,000, for the reasons noted in the "Revenue" section above; (ii) a decrease in data capture costs and image processing costs of approximately \$81,000, primarily due to fluctuations in the timing and extent of StreetScape imagery-based projects, and (iii) a decrease in third-party data and software licensing expense of approximately \$45,000. These increases in gross margin were partially offset by an increase in subcontracting expense of approximately \$162,000 to support a multi-year, US-based services agreement for which services commenced in the second quarter of 2017. In accordance with applicable accounting standards, certain expenses related to this agreement are recognized in advance of the recognition of the related revenue, resulting in less of a positive impact on gross margin in the current quarter than would be reported if direct expense was recognized over the same periods as the related revenue.

Gross margin increased 20% to \$4,566,000 from \$3,792,000 for the nine months ended September 30, 2017 and 2016, respectively. This increase is mainly attributable to (i) increased revenue of approximately \$420,000, for the reasons noted in the “*Revenue*” section above; (ii) a decrease in third-party data and software licensing expense of approximately \$409,000; and (iii) decreased data capture costs and image processing costs of approximately \$171,000, primarily due to fluctuations in the timing and extent of StreetScape imagery based projects. These increases in gross margin were partially offset by an increase in third party subcontracting expense of approximately \$308,000 to support a multi-year, US-based services agreement for which services commenced in the second quarter of the current year.

Comprehensive income (loss)

Comprehensive income increased 25% to \$152,000 from \$122,000 for the three months ended September 30, 2017 and 2016, respectively. This improvement was mainly attributable to the approximate increase of \$190,000 in gross margin for the reasons noted in the “*Gross Margin*” section above, but was offset to some extent by increases in (i) insurance and professional fees of approximately \$82,000; (ii) human resource and related costs, other than those classified as direct operating costs, of approximately \$48,000, and (iii) travel and promotion expense of approximately \$25,000. The primary driver of these increases was to support development and promotion of new product and service offerings and strategic initiatives.

Comprehensive loss decreased 51% to \$139,000 from \$286,000 for the nine months ended September 30, 2017 and 2016, respectively. Consistent with the quarter over quarter variances discussed above, this improvement was mainly attributable to the increase of approximately \$775,000 in gross margin for the reasons noted in the “*Gross Margin*” section above, which was offset to some extent by increases in (i) human resource and related costs, other than those classified as direct operating costs, of approximately \$265,000; (ii) insurance and professional fees of approximately \$214,000; and (iii) travel and promotion expense of approximately \$75,000. The primary driver of these increases was to support development and promotion of new product and service offerings and strategic initiatives.

Adjusted EBITDA

	Unaudited		Unaudited	
	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Comprehensive income (loss) for the period	\$ 151,907	\$ 121,719	\$ (139,019)	\$ (285,792)
Add back:				
Amortization of equipment	28,257	45,072	91,408	111,391
Amortization of intangible assets	57,978	58,282	173,383	173,886
Finance (income) costs	(10,843)	308	(10,623)	14,888
Share-based compensation expense	46,609	80,316	227,774	260,578
Adjusted EBITDA	\$ 273,908	\$ 305,697	\$ 342,923	\$ 274,951

Adjusted EBITDA decreased 10% to \$274,000 from \$306,000 for the three months ended September 30, 2017 and 2016, respectively. While comprehensive income increased nominally for the three months ended September 30, 2017 as compared to the prior year, the positive impact of amortization and share-based compensation expense add backs was greater in the third quarter of the prior year.

Adjusted EBITDA increased 25% to \$343,000 from \$275,000 for the nine months ended September 30, 2017 and 2016, respectively. These improvements were primarily attributable to the increases in revenue and decreases in direct operating expenses for the reasons noted in the “*Revenue*” and “*Gross margin*” sections above.

Outstanding Share Data and Dividends

As at September 30, 2017, iLOOKABOUT had:

- 83,614,784 Common Shares issued and outstanding;
- 2,144,486 Deferred Share Units convertible into an equal number of common shares;
- Warrants outstanding to purchase 3,525,000 Common Shares, exercisable at prices ranging from \$0.15 to \$0.40 per share; and
- Options outstanding to purchase 5,792,475 Common Shares, exercisable at prices ranging from \$0.145 to \$0.335 per share.

There were no share-related events subsequent to September 30, 2017.

Liquidity and Capital Resources

Public Offering

In May 2017, the Company completed a public offering, resulting in the issuance of 20,520,000 Common Shares of the Company for gross proceeds of \$5,130,000 (the “Offering”). Net proceeds of the Offering were \$4,557,196. In addition to cash compensation, the Company issued 1,044,000 common share purchase warrants (the “Broker Compensation Warrants”) to the underwriters of the Offering. Each Broker Compensation Warrant entitles the holder to purchase one Common Share of the Company at an exercise price of \$0.25. These warrants have an expiry date of May 16, 2019. iLOOKABOUT intends to use the net proceeds of the Offering to accelerate new product development, position the Company for new opportunities, including potential future acquisitions, and for general corporate purposes.

Adjusted Working Capital

Adjusted Working Capital (a non-GAAP measure; see section entitled “*Use of Non-GAAP Financial Measures*” above) is defined and calculated by the Company as current assets less current liabilities (as shown on the consolidated Statement of Financial Position), excluding items that are not financial assets or financial liabilities. Management believes Adjusted Working Capital provides more meaningful information with respect to the liquidity of the Company than does Working Capital.

	September 30, 2017	December 31, 2016
Working Capital (GAAP measure)	\$ 5,774,030	\$ 865,470
Less: Prepaid expenses and other current assets	(229,963)	(163,575)
Add: Unearned revenue, current portion	1,131,591	980,084
Adjusted Working Capital (Non-GAAP measure)	\$ 6,675,658	\$ 1,681,979

The increase in Adjusted Working Capital between December 31, 2016 and September 30, 2017 primarily related to: (i) an increase of approximately \$4,557,000 attributable to the Offering completed in the second quarter of 2017; and (ii) an increase of approximately \$249,000 attributable to the exercise of options and warrants in the first and second quarters of 2017.

Cash Flows

Cash flows provided by or used in operating, financing and investing activities for the nine months ended September 30, 2017 and 2016 are presented below.

Cash flow provided by (used in)	Nine months ended		Nine months ended	
	September 30, 2017		September 30, 2016	
Operating activities	\$	482,064	\$	(356,593)
Financing activities		4,798,197		(607,676)
Investing activities		(35,714)		(187,592)
Effect of exchange rate fluctuations on cash		(66,526)		(14,872)
	\$	5,178,021	\$	(1,166,733)

The changes in cash sources and uses for the nine months ended September 30, 2017 as compared to the same period in the prior year are explained below.

- (i) The change in cash used in operations for the nine months ended September 30, 2016 to cash provided by operations for the nine months ended September 30, 2017 is primarily due to (i) improvements in operating results, and (ii) the payment of interest and bonus interest of approximately \$175,000 in 2016 with respect to the Company's previous secured term credit facility that was fully repaid in April 2016, with no comparable payments in the first nine months of 2017.
- (ii) Cash provided by financing activities in the nine months ended June 30, 2017 was primarily a result of (i) net proceeds of approximately \$4,557,000 resulting from the Offering completed in May 2017; and (ii) approximately \$249,000 generated from the exercise of options and warrants in the first two quarters of 2017. The use of cash in financing activities for the nine months ended September 30, 2016 was primarily due to the repayment of the Company's previous secured term credit facility in April 2016.
- (iii) Cash used in investing activities, primarily representing the purchase of equipment, was significantly lower for the first nine months of 2017 as compared to the same period in 2016 due to the timing of capital projects.

The following are the carrying amounts and the remaining contractual cash outflows of financial liabilities and commitments at September 30, 2017.

As at September 30, 2017	Carrying Amounts	Contractual cash outflows				
		Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 1,804,444	\$ 1,804,444	\$ 1,804,444	\$ -	\$ -	\$ -
Debt financing of vehicles	20,864	22,052	12,390	9,662	-	-
Operating leases	-	1,023,921	199,092	259,188	531,465	34,176
Purchase commitments	-	4,696,250	267,916	290,000	870,000	3,268,334
	\$ 1,825,308	\$ 7,546,667	\$ 2,283,842	\$ 558,850	\$ 1,401,465	\$ 3,302,510

The purchase commitments included in the table above are composed primarily of annual base fixed fees under a consulting agreement with Yeoman & Company Paralegal Professional Corporation, disclosed in the section below entitled *"Transactions with Related Parties"*, of \$265,000, which continue until December 2034. Committed payments for the period of October 2017 to December 2034 total \$4,571,250. As noted in the *"Business of the Company – Significant Developments"* section above, the Company terminated and replaced a Data Distributor Agreement with respect to real property related data which results in a decrease in purchase commitments and has been reflected in the contractual cash flows presented in the table above.

In addition to the above-noted contractual cash flows, the Company expects to incur future capital expenditures, primarily with respect to replacement of its image capture equipment; expansion of its computer hardware which hosts the Company's imagery; and further leasehold improvements required for the Company's London and Toronto office locations. Data capture equipment, which includes vehicles, cameras and lenses, is replaced as this equipment is depleted or the purchase of improved equipment is determined to be appropriate. The extent of these capital expenditures will be based on the Company's planned future image capture activities and the age of existing equipment. The Company expects that capital expenditures required for the remainder of 2017 will be approximately \$100,000.

Off-Balance Sheet Arrangements

As at September 30, 2017, iLOOKABOUT had no off-balance sheet arrangements, such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company, and the Company does not expect to enter into any in the near to mid-term.

Financial Instruments

iLOOKABOUT's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, current portion of long-term debt and long-term debt. Management does not believe that these financial instruments expose iLOOKABOUT to any significant interest, currency or credit risks.

Transactions with Related Parties

- (i) In January 2017, 1,481,000 Series I purchase warrants previously issued under a private placement to the Executive Chair of the Company, were exercised for 1,481,000 Common Shares at an exercise price of \$0.15 per share.
- (ii) In May 2017, the Company completed the Offering for gross proceeds of \$5,130,000. The Company's CEO purchased 700,000 Common Shares at a price of \$0.25 per Common Share under the Offering.
- (iii) In May 2017, the Company's CFO exercised 50,000 stock options at an exercise price of \$0.12 per share, resulting in the issuance of 50,000 Common Shares for gross proceeds of \$6,000.
- (iv) MTAG Paralegal Professional Corporation was formed in compliance with the regulations of the Law Society of Upper Canada (*as defined in the Law Society Act*). The property tax paralegal practice in Ontario is organized as a separate professional corporation to comply with the regulations of the *Law Society Act*. The Executive Chair of the Company, a paralegal licensed in the Province of Ontario, is the sole shareholder of the professional corporation; however, the Company controls the entity through contractual arrangements. The contractual arrangements provide that all economic benefit or loss resulting from the entity will be received by the Company. In September 2017, MTAG Paralegal Professional Corporation commenced the delivery of paralegal services.
- (v) To provide for ongoing support and development of the technology software assets purchased in 2015 (the "Software") from Yeoman & Company Paralegal Professional Corporation ("YCP"), the Company entered into a consulting agreement with YCP (the "Consulting Agreement"). Two of the principals of YCP are the sons of the Executive Chair of the Company, who is also a consultant to YCP. The Consulting Agreement has a term of twenty years, ending in December 2034, and provides for an annual fee of \$265,000 plus 15% of revenue recognized and received by the Company from end customers (the "YCP Fees") for use of the Software. For the three and nine months ended September 30, 2017, the Company paid YCP Fees of \$89,039 and \$303,417 (three and nine months ended September 30, 2016 - \$84,439 and \$268,948) to YCP, which were included in direct operating expense and technology expense.
- (vi) YCP relicenses and/or utilizes the Company's Software in order to provide services to YCP's end customers. Included in revenue for the three and nine months ended September 30, 2017 are such

software licence fees of \$6,900 and \$25,275 (three and nine months ended September 30, 2016 i \$6,088 and \$23,319).

- (vii) 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, 2017, the Company paid rent to this related company of \$3,000 and \$9,000, (three and nine months ended September 30, 2016 - \$3,000 and \$9,000), 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.

Changes in Accounting Policies

The Company did not adopt any significant changes in accounting policies in the Period, with the exception of the addition of the following policy.

Non-monetary transactions:

Revenue and expense are recognized by the Company when goods or services are provided in exchange for dissimilar goods or services. Revenue is measured at the fair value of the goods or services received, adjusted by any cash or cash equivalents received or paid, unless the fair value cannot be measured reliably. In such cases, the revenue is measured at the fair value of the goods or services given up, adjusted by any cash or cash equivalents received or paid. These fair value estimates can affect the amount and timing of revenue and expense recognition resulting from non-monetary transactions. The determination of such fair values requires management to apply judgement when making these estimates. Actual results could differ materially from these estimates.

Accounting Pronouncements Not Yet Adopted

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

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39 - Financial Instruments: recognition and measurement standard. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is assessing the impact of this standard on the consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including but not limited to IAS 11 i Construction Contracts, IAS 18 i Revenue, and IFRIC 13 - Customer Loyalty Programmes.

IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17 - Leases. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company will have the option to either:

- apply IFRS 15 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 15 as an adjustment to opening equity at the date of initial application.

The Company has commenced an implementation plan to develop the necessary accounting policies, estimates and judgments required to adopt IFRS 15. The implementation plan includes an assessment of the standard and the Company's policy as well as any changes required to business processes, systems and internal controls upon adoption of IFRS 15. The Company is not currently in a position to make a reliable estimate of the impact of IFRS 15 on its consolidated financial statements, but has determined that the quantitative impact is likely to be significant. Additional disclosure with respect to the nature of revenue and the status of performance obligations is also expected.

IFRS 16 - Leases

In January 2016, the IASB issued the final publication of the IFRS 16 - Leases standard, which will supersede the current IAS 17 - Leases standard. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the entity is also applying IFRS 15.

The Company will have the option to either:

- apply IFRS 16 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

Management is assessing the impact of this standard on the consolidated financial statements.

Additional Information

Additional information relating to iLOOKABOUT, including the Company's 2016 Annual Consolidated Financial Statements and Annual Information Form for the year ended December 31, 2016, can be found on SEDAR at www.sedar.com.