

Management's Discussion and Analysis

For the year ended December 31, 2018

For purposes of this discussion, "Intermap®" or the "Company" refers to Intermap Technologies® Corporation and its subsidiaries.

This management's discussion and analysis (MD&A) is provided as of March 28, 2019 and should be read together with the Company's audited Consolidated Financial Statements and the accompanying notes for the years ended December 31, 2018 and 2017. The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and, unless otherwise noted, are expressed in United States dollars.

These audited consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

Additional information relating to the Company, including the Company's Annual Information Form (AIF), can be found on the Company's Web site at www.intermap.com and on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

In the interest of providing the shareholders and potential investors of Intermap Technologies® Corporation ("Intermap" or the "Company") with information about the Company and its subsidiaries, including management's assessment of Intermap's® and its subsidiaries' future plans, operations and financing alternatives, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", and similar expressions suggesting future outcomes, and includes statements that actions, events, or conditions "may," "would," "could," or "will" be taken or occur in the future. These forward-looking statements may be based on assumptions that the Company believes to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company in light of its experience and perception of historical

trends, current conditions and expected future development and other factors that it believes are appropriate.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) there will be adequate liquidity available to the Company to carry out its operations; (ii) payments on material contracts will occur within a reasonable period of time after contract completion; (iii) the continued sales success of Intermap's products and services; (iv) the continued success of business development activities; (v) there will be no significant delays in the development and commercialization of the Company's products; (vi) the Company will continue to maintain sufficient and effective production and software development capabilities to compete on the attributes and cost of its products; (vii) there will be no significant reduction in the availability of qualified and cost-effective human resources; (viii) the continued existence and productivity of subsidiary operations; (ix) demand for geospatial related products and services will continue to grow in the foreseeable future; (x) there will be no significant barriers to the integration of the Company's products and services into customers' applications; (xi) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements, and (xii) superior technologies/products do not develop that would render the Company's current product offerings obsolete.

Intermap's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, cash available to fund operations, availability of capital, revenue fluctuations, nature of government contracts, economic conditions, loss of key customers, retention and availability of executive talent, competing technologies, continued listing of its common shares on the Toronto Stock Exchange or equivalent exchange, common share price volatility, loss of proprietary information, software functionality, internet and system infrastructure functionality, information technology security, breakdown of strategic alliances, and international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in this MD&A and the Company's other filings with securities regulators. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

BUSINESS OVERVIEW

Intermap is a global geospatial information company, creating a wide variety of geospatial solutions and analytics for its customers. Intermap is a premier worldwide provider of geospatial data solutions.

Intermap currently generates revenue from three primary business activities, comprised of i) data acquisition and collection, using proprietary radar sensor technologies, ii) value-added

data products and services, which leverage the Company's proprietary NEXTMap® database, together with proprietary software and fusion technologies, and iii) commercial applications and solutions, including a webstore and software sales targeting selected industry verticals that rely on accurate high resolution elevation data.

These geospatial solutions are used in a wide range of applications including, but not limited to, location-based information, risk assessment, geographic information systems (GIS), engineering, utilities, global positioning systems (GPS) maps, oil and gas, renewable energy, hydrology, environmental planning, land management, wireless communications, transportation, advertising, and 3D visualization.

Intermap has the ability to create its own digital 3D geospatial data using its proprietary multi-frequency radar mounted in Learjet aircraft. Intermap's radar-based technology allows it to collect data at any time of the day, including under conditions such as cloud and tree cover, or darkness, which are conditions that limit most competitive technologies. The Company's proprietary radar also enables data to be collected over larger areas, at higher collection speeds, and at accuracy levels that are difficult to achieve with competitive technologies.

In addition to data collection, the Company is a world leader in data fusion, analytics, and orthorectification, and has decades of experience aggregating data derived from a number of different sensor technologies and data sources. The Company processes raw digital elevation and image data from its own and other sources to create three high resolution geospatial datasets that provide a ground-true foundation layer upon which accurate value-added products and services can be developed. The three high resolution data sets include digital surface models (DSM), digital terrain models (DTM), and orthorectified radar images (ORI). These datasets are further augmented with additional elevation and resolution data layers and served to customers by web service to create other value-added products, such as viewsheds, line of sight maps, and orthorectified mosaic tiles.

Unlike many geospatial companies, because of its unique acquisition and processing capability, Intermap retains exclusive ownership of its high resolution NEXTMap® database, which covers the entire globe. Intermap's NEXTMap database, together with third party data and our in-house analytics team, provide a variety of applications and geospatial solutions for its customers. The NEXTMap database contains a fusion of proprietary multi-frequency radar imagery and data, including unique Interferometric Synthetic Aperture Radar (IFSAR)-derived data, proprietary data models, and purchased third-party data, collected from multiple commodity sensor technologies, such as light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources. The NEXTMap database also includes proprietary information developed by our analytical teams such as 3D city models, census data, real-time traffic, 3D road vectors, outdoor advertising assets, weather related hazards, points of interest, cellular towers, flood models and wildfire models.

The Company generates revenue by licensing its geospatial products using its proprietary data, analytics, and applications for specific industries.

FINANCIAL INFORMATION

The following table sets forth selected financial information for the periods indicated.

Selected Annual Information

U.S. \$ millions, except per share data	2018	2017	2016
Revenue:			
Acquisition services	\$ 8.7	\$ 14.9	\$ 3.5
Value-added data	4.7	2.8	2.2
Software and solutions	2.4	1.6	1.3
Total revenue	\$ 15.8	\$ 19.3	\$ 7.0
Operating (loss) income	\$ (0.1)	\$ 1.3	\$ (9.5)
Change in fair value of derivative instruments	\$ -	\$ 0.1	\$ 1.9
Financing costs	\$ (2.7)	\$ (2.5)	\$ (10.1)
Net loss	\$ (2.8)	\$ (1.2)	\$ (15.3)
EPS basic and diluted ⁽¹⁾	\$ (0.17)	\$ (0.08)	\$ (1.33)
Adjusted EBITDA	\$ 2.1	\$ 3.5	\$ (7.2)
Assets:			
Cash, amounts receivable, unbilled revenue	\$ 4.9	\$ 6.9	\$ 7.2
Total assets	\$ 9.8	\$ 11.8	\$ 9.0
Liabilities:			
Long-term liabilities (including finance lease obligations)	\$ 29.3	\$ 26.8	\$ 22.2
Total liabilities	\$ 34.2	\$ 33.8	\$ 33.6

(1) Amounts have been adjusted following the rights offering and share consolidation that occurred during 2017.

Revenue

Consolidated revenue for the year ended December 31, 2018 totaled \$15.8 million, compared to \$19.3 million for 2017, representing an 18% decrease. Approximately 33% of consolidated revenue was generated outside the United States, compared to 65% for 2017.

Acquisition services revenue for the year ended December 31, 2018 totaled \$8.7 million, compared to \$14.9 million for 2017. The decrease is due to a change in government control resulting in a reset procurement process for a single international government customer impacting the follow-on project from 2017 to 2018.

Value-added data revenue for the year ended December 31, 2018 was \$4.7 million, a 68% increase from \$2.8 million in 2017. The increase primarily resulted from one \$1.8 million contract to deliver high-resolution terrain data to an international government customer.

Software and solutions revenue increased for the year ended December 31, 2018 to \$2.4 million from \$1.6 million for 2017. The growth is consistent with management expectations for adding subscriptions and achieving positive renewal rates from existing customers.

Classification of Operating Costs

The composition of the operating costs on the Consolidated Statements of Profit and Loss and Other Comprehensive Income is as follows:

U.S. \$ millions	2018	2017
Personnel	\$ 8.2	\$ 8.5
Purchased services & materials	3.8	5.4
Facilities and other expenses	1.6	2.3
Travel	0.5	0.6
	\$ 14.1	\$ 16.8

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. Personnel expense for the years ended December 31, 2018 and 2017, totaled \$8.2 million and \$8.5 million, respectively. The 4% year-over-year decrease in personnel expense is primarily due to personnel restructuring activities offset by the mix of talent and key resources.

During 2018, the Company notified certain individual employees of its intent to discontinue their employment. The Company incurred \$0.5 million (December 31, 2017 - \$0.2 million) in restructuring charges from these reductions.

Non-cash compensation expense is included in operating costs and relates to the Company's omnibus incentive plan, share options, and shares granted to employees and non-employees. Non-cash share-based compensation for the years ended December 31, 2018 and 2017, increased slightly to \$0.4 million from \$0.3 million, respectively.

Purchased Services and Materials

Purchased services and materials (PS&M) includes (i) aircraft and radar related costs, including jet fuel; (ii) professional and consulting costs; (iii) third-party support services related to the collection, processing and editing of the Company's airborne radar data collection activities; (iv) third-party data collection activities (i.e. LiDAR, satellite imagery, air photo, etc.); and (v) third-party software expenses (including maintenance and support).

For the years ended December 31, 2018 and 2017, PS&M expense was \$3.8 million and \$5.4 million, respectively. The decrease was partially due to decreased expenses on acquisition projects.

Facilities and Other Expenses

For the years ended December 31, 2018 and 2017, facilities and other expenses were \$1.6 million and \$2.3 million, respectively. The decrease was due to non-recurring payments during the first quarter of 2017 associated with the 2017 restructuring efforts without similar payments in 2018.

Travel

For the years ended December 31, 2018 and 2017, travel expense was \$0.5 million and \$0.6 million, respectively. The decrease was due to decreased travel on acquisition services projects.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes, and depreciation. Adjusted EBITDA also excludes share-based compensation, change in fair value of derivative instruments, restructuring costs and related non-recurring payments supporting the corporate restructuring, and gain or loss on foreign currency translation. Adjusted EBITDA is included as a supplemental disclosure because Management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net loss to Adjusted EBITDA.

U.S. \$ millions	2018	2017
Net loss	\$ (2.8)	\$ (1.2)
Financing costs	2.7	2.5
Income tax recovery	-	(0.1)
Depreciation of property and equipment	1.3	0.9
EBITDA	\$ 1.2	\$ 2.1
Share-based compensation	0.4	0.3
Restructuring costs	0.5	0.2
Loss on foreign currency translation	-	0.2
Non-recurring payments	-	0.8
Change in value of derivative instruments	-	(0.1)
Adjusted EBITDA	\$ 2.1	\$ 3.5

Adjusted EBITDA for the year ended December 31, 2018 was \$2.1 million, compared \$3.5 million for 2017. The decrease in adjusted EBITDA is primarily attributable to a decrease in revenue.

Financing Costs

Financing costs for the year ended December 31, 2018 totaled \$2.7 million, compared to \$2.5 million for 2017. Financing costs are non-cash and relate mostly to the accretion of the notes payable interest using the effective interest method. The notes mature on September 1, 2020.

Depreciation of Property and Equipment

Depreciation expense for the years ended December 31, 2018 was \$1.3 million and \$0.9 million, respectively. The increase was due to placing the upgraded radar system into service during the third quarter of 2017.

Derivative Instruments

The Company has issued non-broker warrants that are considered to be derivative liabilities as the warrants are exercisable in a currency (Canadian dollar) other than the Company's functional currency (United States dollar). Accordingly, the warrants are measured at fair value at each reporting date, with changes in fair value included in the consolidated statement of profit and loss and other comprehensive income for the applicable reporting period. During the years ended December 31, 2018 and 2017, the change in the fair value of derivative instruments was \$Nil and a gain of \$0.1 million, respectively. See Selected Quarterly Information for the change recognized each reporting period.

Gain (Loss) on Foreign Currency Translation

The Company continuously monitors the level of foreign currency assets and liabilities carried on its consolidated balance sheet in an effort to minimize as much of the foreign currency translation exposure as possible. The difference between any amounts incurred in one currency and settled in a different currency is recognized as a gain or loss in the period it is settled.

During the year ended December 31, 2018, a foreign currency translation loss of \$27 thousand was recorded, compared to a loss of \$214 thousand in 2017.

Trade Receivables and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified contract milestones. Revenue on certain of these acquisition services contracts is recognized using the percentage-of-completion method of accounting based on the ratio of costs incurred to date over the estimated total costs to complete the contract. While an effort is made to align payments on contracts with work performed, the completion of milestones does not always coincide with the costs incurred on a contract, resulting in revenue being recognized in excess of billings. These amounts are recorded in the consolidated balance sheets as unbilled revenue.

Trade receivables and unbilled revenue increased from \$0.6 million at December 31, 2017, to \$3.6 million at December 31, 2018. Trade receivables due in the current period represent 95% and 66% of total trade receivables at December 31, 2018 and 2017, respectively. Trade receivables aged greater than 90 days relate to historically slow paying, but reliable customers. The Company reviews the trade receivables aging monthly and monitors the payment status of each invoice. The Company also communicates with slow paying or delinquent customers on a regular basis regarding the schedule of future payments. At December 31, 2018 and 2017, \$Nil has been reserved as uncollectible as all trade receivable balances greater than 90 days are considered to be collectible.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals and personnel-related costs. Accounts payable and accrued liabilities decreased to \$2.8 million at December 31, 2018, from \$4.0 million at December 31, 2017.

U.S. \$ millions	December 31, 2018	December 31, 2017
Accounts payable	\$ 1.1	\$ 1.9
Accrued liabilities	1.7	2.1
	<u>\$ 2.8</u>	<u>\$ 4.0</u>

The accounts payable balance decreased from \$1.9 million at December 31, 2017 to \$1.1 million at December 31, 2018 due to the timing of trade payables and the expiration of vendor payables recorded in prior periods. The accrued liabilities balance decreased from \$2.1 million at December 31, 2017 to \$1.7 million at December 31, 2018. The decrease is due to unbilled costs associated with the radar system upgrade at December 31, 2017 being paid during the first quarter of 2018.

Notes Payable

The increase in the notes payable balance from December 31, 2017 of \$26.5 million to \$29.1 million at December 31, 2018 is purely due to the accretion of the non-cash interest on the two notes outstanding.

The notes payable balance of \$26.5 million at December 31, 2017 reflects the debt restructuring that occurred during the fourth quarter of 2016 and the first quarter of 2017 as follows:

- During the fourth quarter of 2016, the Company restructured the outstanding notes (July 8, 2016 note for \$2.0 million and September 15, 2016 note for \$25.8 million), which resulted in the extension of the maturity date to September 1, 2020 and the elimination of the interest. The restructuring also included the elimination of a 17.5% royalty agreement. The note is secured by a first priority lien on all the assets of the Company. The fair value of the notes at December 31, 2017 reflected in the balance sheet is \$24.0 million and is subject to prepayment provisions if the Company builds excess cash; if the Company's aggregate cash and cash equivalents balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be applied to reduce debt against the outstanding notes payable.
- During the first quarter of 2017, \$2.9 million of proceeds from a Rights Offering was used to partially repay a \$6.0 million Bridge Loan, received on December 14, 2016. The balance of the Bridge Loan was converted into a non-interest bearing note payable due September 1, 2020. The fair value of the note payable at December 31, 2017 was \$2.5 million, following the recognition of a \$0.7 million gain on the modification of the Bridge Loan, which was credited to contributed surplus. Additionally, the note is secured by a first priority lien on all assets of the Company and is subject to the same prepayment provisions as the Company's other debt, should the Company build excess cash; if the Company's aggregate cash and cash equivalents balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be pre-paid against the outstanding notes payable. (See Note 8(a) to the Consolidated Financial Statements for further discussion of the terms of the notes and Rights Offering).

Project Financing

The project financing balance at December 31, 2018 increased slightly to \$1.6 million from \$1.5 million at December 31, 2017. The increase is due to accrued interest.

Unearned Revenue and Deposits

The unearned revenue balance at December 31, 2018 decreased to \$0.6 million from \$1.6 million at December 31, 2017. This balance consists of payments received from customers for contracts that are in progress and have not yet fulfilled the necessary revenue recognition criteria. At December 31, 2018 and December 31, 2017 83% and 32% of the total balance, respectively, is related to software and solutions license revenue, in which the license fee is paid upfront for the term of the license.

QUARTERLY FINANCIAL INFORMATION

Selected Quarterly Information

The following table sets forth selected quarterly financial information for Intermap's eight most recent fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature that are, in the opinion of management, necessary to present a fair statement of Intermap's consolidated results of operations for the periods presented.

Quarter-to-quarter comparisons of Intermap's financial results are not necessarily meaningful and should not be relied on as an indication of future performance.

U.S. \$ millions, except per share data	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total revenue	\$ 2.6	\$ 4.5	\$ 6.3	\$ 5.9	\$ 3.4	\$ 4.5	\$ 3.7	\$ 4.2
Depreciation	\$ 0.2	\$ 0.1	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.3
Financing costs	\$ 0.7	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.6	\$ 0.8
Change in fair value of derivative instruments	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating income (loss)	\$ (1.5)	\$ (0.2)	\$ 1.8	\$ 1.2	\$ -	\$ 0.3	\$ (0.5)	\$ 0.1
Net income (loss)	\$ (1.9)	\$ (0.9)	\$ 1.1	\$ 0.5	\$ (0.6)	\$ (0.4)	\$ (1.2)	\$ (0.6)
Net income (loss) per share - basic and diluted ⁽¹⁾	\$ (0.13)	\$ (0.06)	\$ 0.07	\$ 0.04	\$ (0.04)	\$ (0.02)	\$ (0.07)	\$ (0.04)
Adjusted EBITDA	\$ (0.8)	\$ 0.3	\$ 2.1	\$ 1.9	\$ 0.4	\$ 0.9	\$ 0.4	\$ 0.4

(1) Amounts have been adjusted following the rights offering and share consolidation that occurred during 2017.

Revenue

Consolidated revenue for the fourth quarter of 2018 totaled \$4.2 million, compared to \$5.9 million for the same period in 2017, representing a 29% decrease. Approximately 66% of consolidated revenue was generated outside the United States during the fourth quarter of 2018, compared to 79% for the same period in 2017.

Acquisition services revenue for the quarter ended December 31, 2018 totaled \$1.0 million, compared to \$4.6 million for the same period in 2017. Consistent with the annual results, the difference is due to the change in government control resulting in a reset procurement process for a single international government customer impacting the follow-on project from 2017 to 2018.

Value-added data revenue for the quarter ended December 31, 2018 was \$2.5 million, an increase from the same period in 2017 which totaled \$0.8 million. The increase primarily resulted from the \$1.8 million contract to deliver high-resolution terrain data to an international government customer.

Software and solutions revenue increased for the quarter ended December 31, 2018 to \$0.7 million from \$0.5 million for the same period in 2017. Again, the growth is consistent with management expectations for adding subscriptions and achieving positive renewal rates from existing customers.

Personnel

Personnel expense for the three-month periods ended December 31, 2018 and 2017, totaled \$2.2 million and \$2.5 million, respectively. The decrease in personnel expense is primarily due to the decrease in headcount offset by the mix of talent and key resources.

Non-cash share-based compensation for the quarters ended December 31, 2018 and 2017, increased slightly to \$35 thousand from \$15 thousand, respectively.

Purchased Services and Materials

For the three-month periods ended December 31, 2018 and 2017, PS&M expense was \$1.1 million and \$1.2 million, respectively.

Facilities and Other Expenses

For the three-month period ended December 31, 2018 and 2017, facilities and other expenses were \$0.6 million and \$0.5 million, respectively.

Travel

For the quarters ended December 31, 2018 and 2017, travel expense was \$48 thousand and \$98 thousand, respectively. The decrease was due to decreased travel on acquisition services projects.

CONTRACTUAL OBLIGATIONS

Contractual obligations include (i) operating leases on office locations; (ii) notes payable; and (iii) finance leases on computer equipment and software. Principal and interest repayments of these obligations are as follows:

Contractual obligations	Total	Payments due by Period (US \$ thousands)			
		Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating leases	\$ 655	\$ 429	\$ 226	\$ -	\$ -
Notes payable	33,914	-	33,914	-	-
Project financing	1,588	1,411	177	-	-
Finance leases	14	11	3	-	-
Total	\$ 36,171	\$ 1,851	\$ 34,320	\$ -	\$ -

LIQUIDITY AND CAPITAL RESOURCES

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of trade receivables, unbilled receivables, accounts payable, accrued liabilities and unearned revenue and deposits; (ii) investing activities, including the purchase of property and equipment; and (iii) financing activities, including debt financing and the issuance of capital stock.

During the year ended December 31, 2018, the Company generated operating loss of \$0.1 million and achieved positive adjusted EBITDA of \$2.1 million. Revenue for the year ended December 31, 2018 was \$15.8 million, which represents a \$3.5 million decrease in revenue from 2017, and the Company had negative cash flow from operations of \$3.9 million. At

December 31, 2018, the Company has a shareholders' deficiency of \$24.4 million that was generated by current and prior years' accumulated losses.

Cash used in operations during the year ended December 31, 2018 totaled \$3.9 million, compared to cash provided by operations of \$3.5 million during 2017. The year-over-year increase in cash used of \$7.4 million is due primarily to the decrease in accounts payable and accrued liabilities and unearned revenue along with a decrease in revenue year-over-year.

Net cash used in investing activities totaled \$1.2 million for the year ended December 31, 2018, compared to \$3.5 million during 2017. Net cash used in investing activities for both periods related to the purchase of computer related equipment and radar system upgrades. The cash used in investing activities for 2018 also includes capitalization of labor and materials to build the data library, processing capabilities, and software assets.

Net cash used in financing activities totaled \$12 thousand for the year ended December 31, 2018 compared to \$220 thousand during 2017. The net cash used during the year ended December 31, 2018 resulted from the repayment of finance leases of \$12 thousand. The net cash used during the year ended December 31, 2017 resulted from \$164 thousand of issuance costs and the repayment of finance leases of \$56 thousand.

The Company is dependent upon its cash flow from operations to fund its business as it currently has \$33.9 million in outstanding secured long-term debt, no line of credit or credit facility, access to equity capital markets is severely constrained and the current share price is significantly depressed. The cash position of the Company at December 31, 2018 was \$1.3 million, compared to \$6.4 million at December 31, 2017. Over the past two years, the Company has undertaken a significant reduction in staff and realigning of the mix of talent and key resources, as well as overall reductions in operating costs.

The above factors in the aggregate indicate there are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to successfully secure sales with upfront payments, restructure the balance sheet (including a reduction of debt) and obtain additional financing. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition and / or results of operations. The Board of Directors and management have taken actions to address these issues including retaining a financial advisor as well as a strategic consultant to explore strategic alternatives. Such alternatives could include, a sale of the Company, a sale of assets, a business combination or continuing as a standalone entity under a new capital structure. The Board of Directors has been informed by Vertex One Asset Management ("Vertex"), the Company's only first lien secured creditor and its largest shareholder, of its general preference for liquidity at this time. Vertex has provided financial support to the Company for the past six years. There can be no assurance that the consideration of strategic alternatives will result in the completion of any transaction or any other alternative. The Company may not be able to meet its future obligations if it is unable to complete a strategic alternative transaction or secure additional capital.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue is recognized when a customer obtains control of the good or services. Determining the timing of the transfer of control, at a point in time or overtime, requires judgement.

Acquisition Service Contracts

Revenue from acquisition service contracts is recognized overtime based on the ratio of costs incurred to estimated final contract costs. The use of this method of measuring progress towards complete satisfaction of the performance obligations requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured in the amount by which the estimated costs of the related project exceed the estimated total revenue for the project. Invoices are issued according to contractual terms and are usually payable within 30 days. Revenue recognized in advance of billings are presented as unbilled revenue.

Data Licenses

Revenue from the sale of data licenses in the ordinary course of business is measured at the fair value of the consideration received or receivable. Customers obtain control of data products upon receipt of a physical hard drive or download of the data from a web link provided. Invoices are generated, and revenue is recognized at that point in time. Invoices are generally paid within 30 days.

Software Subscriptions

Software subscriptions are generally one year or less, with invoices issued and paid at the beginning of the license term. Revenue is recognized overtime, and payments for future months of service are recognized in unearned revenue. While the license agreements are for a fixed term, some agreements also contain a limited number of clicks or uses. If the limit is reached prior to the end of the term, the license ends early.

Data Library (NEXTMap)

The Company maintains a data library, which is the result of the acquisition and processing of digital map data. Ownership rights to this data are typically retained by the Company and the data is licensed to customers. Although the carrying value of the data library at December 31, 2018 is \$Nil, management believes the asset generates significant value to the Company and the solutions it provides. In accordance with IFRS, the Company will review each reporting period for indications that an adjustment to the carrying value may be necessary.

Use of estimates

Preparing financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

Depreciation and amortization rates

In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment and intangible assets.

Trade receivables

The Company uses historical trends and performs specific account assessments when determining the expected credit losses. These accounting estimates are in respect to the trade receivables line item in the Company's consolidated balance sheet. At December 31, 2018, trade receivables represented 33% of total assets.

The estimate of the Company's expected credit losses could change from period to period due to the allowance being a function of the balance and composition of trade receivables. At December 31, 2018, the expected credit losses of trade receivables were \$Nil due to less than 1% of the aged trade receivables over 61 days was past due.

Share-based compensation

The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of share-based compensation. The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate; expected option life; and fair value.

Changes to assumptions used to determine the grant date fair value of share-based compensation awards can affect the amounts recognized in the consolidated financial statements.

Derivative financial instruments

The Company has determined that its functional currency is the United States dollar and has issued (i) non-broker warrants, and (ii) debt with a conversion option denominated in a currency other than its functional currency. The Company measures the cost of the derivative financial instruments by reference to the fair value of the instruments at the date at which they are granted and revalues them at each reporting date. In determining the fair value of the non-broker warrants, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate; market price at the reporting date; risk-free interest rate; the remaining expected life of the warrant; and an exchange rate at the reporting date. The inputs used in the Black-Scholes model are taken from observable markets. Any impact reported has no net effect on cash flows or the operating results of the Company.

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. If the future settlement were to adversely differ from management's expectations, the Company could incur either an additional expense or reversal of the expense previously recorded.

Compound financial instruments

The Company has issued compound financial instruments which comprise promissory notes denominated in United States dollars that include detachable warrants denominated in United States dollars and Canadian dollars that can be converted to share capital at the option of the holder. The valuation and accounting for the notes is complex and requires the

application of management estimates and judgments with respect to the determination of appropriate valuation models, certain assumptions applied within such valuation models, and certain aspects of the accounting method applied on initial recognition.

Notes Payable

The Company has issued long-term promissory notes with no stated interest obligation. The valuation and accounting for the zero-interest notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation method applied on initial recognition. The assumptions and models used for estimating fair value of the note transactions are disclosed in Note 8(a) to the Consolidated Financial Statements.

Revenue

Changes to the assumptions used to measure revenue could impact the amount of revenue recognized in the consolidated financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following new accounting standards and amendments which are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2018.

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities. The adoption of this standard did not have a material impact on the consolidated financial statements.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument is assessed for classification.

The following table summarizes the classification and measurement changes for each class of the Company's financial assets and financial liabilities upon adoption at January 1, 2018:

Financial instrument	IAS 39		IFRS 9	
	Category	Measurement	Category	Measurement
Cash	Loans and receivables	Amortized cost	Assets at amortized cost	Amortized cost
Trade receivables	Loans and receivables	Amortized cost	Assets at amortized cost	Amortized cost
Unbilled revenue	Loans and receivables	Amortized cost	Assets at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Obligations under finance leases	Other liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Notes payable	Other liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Other long-term liabilities	Other liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The financial assets at amortized cost consist of cash and trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure expected credit losses for trade receivables as an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and then estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

The Company considers a financial asset to be in default when the customer is highly unlikely to pay its obligation in full.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts and requires enhanced disclosures. The standard also provides guidance relating to recognition of customer acquisition costs.

The Company has adopted this standard on the required effective date of January 1, 2018, using the modified retrospective approach. The Company is providing expanded disclosures related to the nature, amount and timing of the revenue (see Notes 10 and 16). In addition, the Company has elected to make use of the following practical expedients:

- IFRS 15 is only applied to revenue contracts that are not completed as the date of applying the standard of January 1, 2018; and

- The Company will expense sales commission costs when incurred if the amortization period is less than 12 months.

Under IFRS 15, revenue is recognized when a customer obtains control of the good or services. Determining the timing of the transfer of control, at a point in time or overtime, requires judgement. IFRS 15 did not have a significant impact on the Company's accounting policies. See Critical Policies and Estimates for the revenue recognition policy.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

The IASB and International Financial Reporting Interpretations Committee (IFRIC) issued the following standards that have not been applied in preparing these consolidated financial statements, as their effective dates fall within annual periods beginning after the current reporting period.

IFRS 16, Leases

In January 2016, the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of use-assets and lease liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17, the new lease standard continues to require lessors to classify leases as operating or finance. The Company is reviewing its leases to evaluate the impact of the standard. The Company will adopt the standard, effective January 1, 2019, using the modified retrospective method, in which the cumulative effect of adoption will be recognized as an adjustment to the opening balance of retained earnings. Prior year period amounts will not be adjusted. While the assessment of the impact is still being determined and the Company is not currently in a position to reliably quantify the full impact of IFRS 16 on the consolidated financial statements, the Company expects the adoption of this standard to increase assets and liabilities as it will be required to record a right-of-use asset and a corresponding liability in the consolidated financial statements. The Company also expects an impact from the reclassification of lease expense from operating to depreciation and interest expense. There will be no impact on cash flows, however, cash flows from operating activities will increase as payments are reclassified to cash flows from investing activities.

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class A participating preferred shares without par value. At the close of business on March 29, 2019, 17,268,472 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of March 29, 2019, potential dilutive securities include (i) 1,220,243 outstanding share options with a weighted average exercise price of C\$0.91, (ii) 410,400 restricted share units, and (iii) 546,456 warrants outstanding with a weighted average exercise price of USD\$0.70.

Each option and warrant entitles the holder to purchase one Class A common share. The warrants are currently being held by current Directors of the Company, which expire on September 1, 2020.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

Internal Control over Financial Reporting

The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have designed, or have caused to be designed under their supervision, internal control over financial reporting as defined under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting and have determined, based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (2013) and on this evaluation, that such internal controls over financial reporting were effective at December 31, 2018.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the design of internal control over financial reporting that occurred during the year ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have designed, or have caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company has been made known to them and that information required to be disclosed in the Company's annual filings, interim filings or other reports filed by it or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified by applicable securities legislation. The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures and have determined, based on that evaluation, that such disclosure controls and procedures were effective at December 31, 2018.

RISKS AND UNCERTAINTIES

The risks and uncertainties described below are not exhaustive. Additional risks not presently known currently deemed immaterial may also impair the Company's business operation. If any of the events described in the following business risks actually occur, overall business, operating results, and the financial condition of the Company could be materially adversely affected.

Availability of Capital

Cash generated from its operations may not be sufficient to satisfy its current liquidity requirements and will not be sufficient to discharge the outstanding notes when due. As such, the Company will require additional capital. The extent of the Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services, demand for geospatial related products and service, and competition within this industry. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favorable to the Company.

Revenue Fluctuations

Intermap's revenue has fluctuated over the years. Acquisition services projects, the purchase of value-added data, and the purchase of software and solutions by the Company's customers are all scheduled per customer requirements and the timing of regulatory and/or budgetary decisions. The commencement or completion of acquisition projects within a particular quarter or year, the timing of regulatory approvals, operating decisions of clients, and the fixed-cost nature of Intermap's business, among other factors, may cause the Company's results to vary significantly between fiscal years and between quarters in the same fiscal year.

Nature of Government Contracts

Intermap conducts a significant portion of its business either directly or in cooperation with the United States government, other governments around the world, and international funding agencies. In many cases, the terms of these contracts provide for cancellation at the option of the government or agency at any time. In addition, many of Intermap's products and services require government appropriations and regulatory licenses, permits, and approvals, the timing and receipt of which are not within Intermap's control. Any of these factors could have an effect on Intermap's revenue, earnings, and cash flow.

Project Finance Facilities

Intermap's contracts may include significant down payments and the commencement of work under such contracts may be dependent on the finalization of a third-party project finance facility to provide for the down payment and progress payments under the terms of the contract. While the Company expects that such financing facilities will be finalized in a reasonable period of time from the date of contract completion, Intermap is typically not a party to the financing facility negotiations and both finalization and timing of the financing facility is therefore outside of the Company's control. No assurance can be given that any required financing facility will ultimately be completed subsequent to contract finalization.

Foreign Operations

A significant portion of Intermap's revenue is expected to come from customers outside of the United States and is therefore subject to additional risks, including foreign currency exchange rate fluctuations, agreements that may be difficult to enforce, receivables difficult to collect through a foreign country's legal system, and the imposition of foreign-country-imposed withholding taxes or other foreign taxes. Intermap relies on contract prepayments or letters of credit to secure payment from certain of its customers when deemed necessary.

If deemed necessary, the Company could secure export credit insurance on certain of its international receivables, which greatly reduces the commercial and political risks of operating outside of North America but involves additional cost for the Company.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of our customers, which could have an adverse effect on Intermap's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect Intermap's operating results.

Key Customers

During 2018, the Company had two key customers that accounted for 67% of total revenue. During 2017, 77% of the revenue was attributable to two key customers. To the extent that significant customers cancel or delay orders, Intermap's revenue, earnings, and cash flow could be materially and adversely affected.

Executive Talent

Intermap is focused on aligning its resources with its acquisition services, value-added data and software and solutions revenue opportunities. This realignment requires the retention of executive talent. The Company will continue to invest in training and leadership development to retain talent. Although Intermap has a talented team of experienced executives, it may not be able to further develop executive talent internally or attract and retain enough executive talent to effectively manage the anticipated growth and changes within the Company.

Competing Technologies

With respect to the Company's software applications, several direct and indirect competitors are currently in the market with product offerings that could be considered at least partially competitive to Intermap's products. These potential competitors vary in size and could have greater technical and/or financial resources than the Company, to develop and market their products. The financial performance of the Company may be adversely affected by such competition. Additionally, no assurances can be given that additional direct competitors to the Company may not be formed or that the Company may not lose some or all of its contracts with existing or future customers, thereby decreasing its ability to compete. Also, existing and future customers may have, or may develop, in-house solutions that could take the place of the Company's software applications. Any adverse change in the business relationships with the Company's customers or partners could have a material adverse impact on the Company's software applications business and its future prospects.

With respect to the Company's radar data acquisition business, it is possible that commercially available satellite images could, in the future, match or come close to the image resolution offered by the Company's radar technology. Intermap continues to evaluate its data collection capabilities and look for improvements to the performance of its radar technology. Although there are only a few direct Intermap competitors currently, the industry is characterized by rapid technological progress. Intermap's ability to continue to develop and introduce new products and services, or incorporate enhancements to existing products

and services, may require significant additional research and development expenditures and investments in support infrastructure.

Another approach to production of digital elevation models is the use of auto correlation software to analyze common points in two or more optical images of the same area taken from different viewing angles. Essentially this is the same principle that is used by technicians as they extract elevation points using stereo photogrammetric techniques, but in this case, it is automated using computer software image matching algorithms. This process is well known and has been used with limited success over small areas. Advances in computing power, coupled with massive storage solutions, may make this technology useful over larger areas in the future, and if so, could represent a significant competing technology.

Any required additional financing needed by the Company to remain competitive with these other technologies may not be available or, if available, may not be on terms satisfactory to the Company.

Common Share Price Volatility

The market price of the Company's common shares has fluctuated widely in recent periods and is likely to continue to be volatile. A number of factors can affect the market price of Intermap's common stock including (i) actual or anticipated variations in operating results, (ii) the low daily trading volume of the Company's stock, (iii) announcement of technological innovations or new products by the Company or its competitors, (iv) competition, including pricing pressures and the potential impact of competitors products on sales, (v) changing conditions in the geospatial and related industries, (vi) unexpected production difficulties, (vii) changes in financial estimates or recommendations by stock market analysts regarding Intermap or its competitors, (viii) announcements by Intermap or its competitors of acquisitions, strategic partnerships, or joint ventures, (ix) additions or departures of senior management, (x) changes in economic or political conditions (xi) the selling of significant holdings by large investors, (xii) the financing terms of existing large debt holders of the Company, and (xiii) the Company's ability to meet the continued listing requirements of the Toronto Stock Exchange to maintain the listing of its common shares.

Loss of Proprietary Information

Intermap currently holds patents on the technology used in its operations and also relies heavily on trade secrets, know-how, expertise, experience, and the marketing ability of its personnel to remain competitive. Although Intermap requires all employees, consultants, and third parties to agree to keep its proprietary information confidential, no assurance can be given that the steps taken by Intermap will be effective in deterring misappropriation of its technologies. Additionally, no assurance can be given that employees or consultants will not challenge the legitimacy or scope of their confidentiality obligations, or that third parties, in time, could not independently develop and deploy equivalent or superior technologies.

Software Functionality

Defects in the Company's software applications, delays in delivery, and failures or mistakes in the Company's software code could materially harm the Company's business, including customer relationships and operating results.

Internet and System Infrastructure Functionality

The end customers of the Company's software applications depend on internet service providers, online service providers and the Company's infrastructure for access to the software applications the Company provides to its customers. These services are subject to service outages and delays due to system failures, stability or interruption. As a result, the Company may not be able to meet a satisfactory level of service as agreed to with its customers, which could have a material adverse effect on the Company's business, revenues, operating results and financial condition.

Information Technology Security

The Company's software applications are dependent on its ability to protect its computer equipment and the information stored in its data centers against damage that may be caused by fire, power loss, telecommunication failures, unauthorized intrusion, computer viruses, disabling devices and other similar events. A failure in the Company's production systems or a disaster or other event affecting production systems or business operations, both internally and externally, could result in a disruption to the Company's software services. Such a disruption could also impact the Company's reputation and cause it to lose customers, revenue, face litigation, or necessitate customer service/repair work that would involve substantial costs and could ultimately have a material impact on the Company.

Intermap's geospatial database has become a valuable asset to the Company. While Intermap has invested in database management, information technology security, firewalls, and offsite duplicate storage, there is a risk of a loss of data through unauthorized access or a customer violating the terms of the Company's end user licensing agreements and distributing unauthorized copies of its data. Intermap has, and will continue to invest, in both legal resources to strengthen its licensing agreements with its customers and in overall information technology protection.

Cybersecurity

The Company's software applications and geospatial database are dependent upon protection against damage or loss that may be caused by a cyberattack. Loss or theft of the Company's geospatial database could result in lost revenue or the ability of a competitor to provide competing software solutions. A hostile Denial of Service (DoS) action could disrupt the Company's software services. Such a disruption could impact the Company's reputation and cause it to lose customers, revenue, face litigation, or necessitate customer service/repair work that would involve substantial costs and could ultimately have a material impact on the Company.

Intermap has invested in database management, information technology security, and firewalls to mitigate the risk of loss or theft of the Company's data. Further investments have been made to prevent DoS activities, including the use of Microsoft's Azure environment and the security it offers, and improvements to the software services' defenses against such attacks.

The Company undertakes periodic reviews of its information technology infrastructure and security policies using the SANS CIS Critical Security Controls as a framework. The areas of

focus for review pertain to user and system authentication and access; internal network configuration and security; data storage resiliency and security; and hosted application access security. These periodic reviews serve to proactively shore up areas of vulnerability and ensure policies are effective and enforced. However, the risk cannot be eliminated entirely, and the Company has invested in insurance to mitigate loss in the event of a cyberattack.

Breakdown of Strategic Alliances

Intermap has fostered a number of key alliances over the past several years and intends to enter into new alliances in the future. The Company believes these new alliances will help enable access to significant scalable markets that would not otherwise be accessible in a timely manner. The breakdown or termination of some or all of those alliances could have a material impact on the Company. At this time, the Company is not aware of any material issues in its strategic relationships. Should any one of these companies be unable to continue its alliance with Intermap, or otherwise choose to dissolve the relationship, the Company would seek to replace the connection with other entities, but there is no guarantee such replacement would occur.

Exporting Products – Political Considerations

Intermap's data collection systems contain technology that is classified as a defense article under the International Traffic and Arms Regulations. All mapping efforts undertaken outside the United States, therefore, constitute a temporary export of a defense article, requiring prior written approval by the United States Department of State for each country within which mapping operations are to be performed. The Company does not currently anticipate that requirements for export permits will have a material impact on the Company's operations, although either government policy or government relations with select foreign countries may change to the point of affecting the Company's operational opportunities. The data produced by Intermap's IFSAR radar system falls under Department of Commerce regulations and is virtually unrestricted.

Foreign Operations

A significant portion of Intermap's revenue is expected to come from customers outside of the United States and is therefore subject to additional risks, including foreign currency exchange rate fluctuations, agreements that may be difficult to enforce, receivables difficult to collect through a foreign country's legal system, and the imposition of foreign-country-imposed withholding taxes or other foreign taxes. Intermap relies on contract prepayments or letters of credit to secure payment from certain of its customers when deemed necessary. The Company has in the past secured export credit insurance on certain of its international receivables, which greatly reduces the commercial and political risks of operating outside of North America.

Environmental Regulation

Changes in environmental regulation could have an adverse effect on the Company's airborne data acquisition services business. For example, requirements for cleaner burning aircraft fuel could result in increased costs which could impact the Company's pricing model for acquisition services projects. The complexity and breadth of environmental and climate

change related issues make it extremely difficult to predict the potential impact on the Company. Compliance with environmental regulation can be costly, and non-compliance can result in fines, penalties and loss of licenses.

Political Instability

Intermap understands that not every region enjoys the political stability that is taken for granted in North America. Political or significant instability in a region where Intermap is conducting data collection activities, or where Intermap has clients, could adversely impact Intermap's business.

Regulatory Approvals

The development and application of certain of the Company's products requires the approval of applicable regulatory authorities. A failure to obtain such approval on a timely basis, or material conditions imposed by such authority in connection with the approval, would materially affect the prospects of the Company.

Aircraft / Radar Lost or Damaged

Although the Company believes that the probability of one of the Company's aircraft or radar sustaining significant damage or being lost in its entirety is extremely low, such damage or loss could occur. The Company expects to have available to it, for data collection purposes, one additional aircraft at any given time. The risk to the Company of loss from the damage of an aircraft is therefore considered to be minimal. In the event that a radar mapping system is lost in its entirety through the destruction of the aircraft, it would take the Company approximately six to nine months to replace the lost equipment, if required.

Global Positioning System (GPS) Failure

GPS satellites have been available to the commercial market for many years. The continued unrestricted access to the signals produced by these GPS satellites are helpful in the collection of the Company's IFSAR data. A loss of GPS would have such a global impact that it is believed that controlling authorities would almost certainly make another system available to GPS receivers in relatively short order.

Information Openly Available to the Public

The Company accesses information available to the public via the Internet and may incorporate portions of such information into its products. If a source of public information determined that the Company was profiting from free information, there is risk it could seek compensation.

Force Majeure

The Company's projects may be adversely affected by risks outside the control of the Company including labor unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, or quarantine restrictions.

Additional Information

Additional risk factors may be detailed in the Company's Annual Information Form, which can be found on the Company's Web site at www.intermap.com and on SEDAR at www.sedar.com.