



Condensed Consolidated Interim Financial Statements of

**INTERMAP TECHNOLOGIES
CORPORATION**

Second Quarter Ended June 30, 2019

NOTICE: The condensed consolidated interim financial statements and notes thereto for the three and six months ended June 30, 2019 have not been reviewed by the Company's external auditors.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Balance Sheets
(In thousands of United States dollars)
(Unaudited)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 866	\$ 1,284
Trade receivables	1,128	3,221
Unbilled revenue	632	421
Prepaid expenses	486	567
	3,112	5,493
Property and equipment (Note 4)	4,527	4,311
Right of use assets (Note 5)	531	-
	\$ 8,170	\$ 9,804
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 3,345	\$ 2,836
Current portion of project financing (Note 7(b))	1,411	1,411
Current portion of deferred lease inducements	-	32
Lease obligations (Note 12)	562	11
Unearned revenue	1,720	626
Income taxes payable	1	1
	7,039	4,917
Long-term notes payable (Note 7(a))	30,442	29,065
Long-term project financing (Note 7(b))	183	177
Deferred lease inducements	-	64
Lease obligations (Note 12)	67	3
	37,731	34,226
Shareholders' deficiency:		
Share capital (Note 10(a))	199,917	199,917
Accumulated other comprehensive loss	(150)	(154)
Contributed surplus (Note 10(b))	25,435	25,379
Deficit	(254,763)	(249,564)
	(29,561)	(24,422)
Going concern (Note 2(a))		
	\$ 8,170	\$ 9,804

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Loss and Other Comprehensive Income
(In thousands of United States dollars, except per share information)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Revenue (Note 8)	\$ 1,916	\$ 4,528	\$ 2,756	\$ 7,927
Expenses:				
Operating costs (Note 9(a))	2,732	3,893	5,381	6,954
Restructuring costs (Note 9(b))	272	-	272	-
Depreciation of property and equipment	270	326	561	643
Depreciation of right of use assets	125	-	250	-
	3,399	4,219	6,464	7,597
Operating (loss) income	(1,483)	309	(3,708)	330
Financing costs (Note 9(b))	(717)	(662)	(1,415)	(1,308)
Loss on foreign currency translation	(35)	(12)	(61)	(33)
Loss before income taxes	(2,235)	(365)	(5,184)	(1,011)
Income tax expense:				
Current	(5)	-	(15)	(2)
Deferred	-	-	-	-
	(5)	-	(15)	(2)
Net loss for the period	\$ (2,240)	\$ (365)	\$ (5,199)	\$ (1,013)
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	7	(6)	4	(6)
Comprehensive loss for the period	\$ (2,233)	\$ (371)	\$ (5,195)	\$ (1,019)
Basic and diluted loss per share	\$ (0.13)	\$ (0.02)	\$ (0.30)	\$ (0.06)
Weighted average number of Class A common shares - basic and diluted (Note 10(c))	17,268,472	16,415,458	17,268,472	16,405,927

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
(In thousands of United States dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total
Balance at December 31, 2017	\$ 199,634	\$ 25,242	\$ (143)	\$ (246,746)	\$ (22,013)
Comprehensive loss for the period	-	-	(6)	(1,013)	(1,019)
Share-based compensation	283	82	-	-	365
Balance at June 30, 2018	\$ 199,917	\$ 25,324	\$ (149)	\$ (247,759)	\$ (22,667)
Comprehensive loss for the period	-	-	(5)	(1,805)	(1,810)
Share-based compensation	-	55	-	-	55
Balance at December 31, 2018	\$ 199,917	\$ 25,379	\$ (154)	\$ (249,564)	\$ (24,422)
Comprehensive income (loss) for the period	-	-	4	(5,199)	(5,195)
Share-based compensation	-	56	-	-	56
Balance at June 30, 2019	\$ 199,917	\$ 25,435	\$ (150)	\$ (254,763)	\$ (29,561)

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of United States dollars)

(Unaudited)

For the six months ended June 30,	2019	2018
Operating activities:		
Net loss for the period	\$ (5,199)	\$ (1,013)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	561	643
Depreciation of right of use assets	250	-
Share-based compensation expense	56	365
Amortization of deferred lease inducements	-	(22)
Financing costs	1,415	1,308
Current income tax expense	15	2
Interest paid	(30)	(1)
Income tax paid	(15)	(1)
Changes in working capital:		
Trade receivables	2,097	(1,486)
Unbilled revenue and prepaid expenses	(130)	(1,460)
Accounts payable and accrued liabilities	637	(1,383)
Unearned revenue	1,094	(246)
Gain on foreign currency translation	(94)	25
Cash flows provided (used) by operating activities	657	(3,269)
Investing activities:		
Purchase of property and equipment	(777)	(788)
Cash flows used in investing activities	(777)	(788)
Financing activities:		
Payment of lease obligations	(299)	(6)
Cash flows used in financing activities	(299)	(6)
Effect of foreign exchange on cash	1	(14)
Decrease in cash	(418)	(4,077)
Cash, beginning of period	1,284	6,363
Cash, end of period	\$ 866	\$ 2,286

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 1

1. Reporting entity:

Intermap Technologies® Corporation (the Company) is incorporated under the laws of Alberta, Canada. The head office of Intermap is located at 8310 South Valley Highway, Suite 400, Englewood, Colorado, USA 80112. Its registered office is located at 400, 3rd Avenue SW, Suite 3700, Calgary, Alberta, Canada T2P 4H2.

Intermap is a global location-based geospatial information company, creating a wide variety of geospatial solutions and analytics for its customers. Intermap's geospatial solutions and analytics can be used in a wide range of applications including, but not limited to, location-based information, geospatial risk assessment, geographic information systems, engineering, utilities, global positioning systems maps, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization.

2. Basis of preparation:

(a) Going concern:

These condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business. During the six months ended June 30, 2019, the Company reported an operating loss of \$3,708, a net loss of \$5,199, and positive cash flows from operating activities of \$657. In addition, the Company has a shareholders' deficiency of \$29,561 at June 30, 2019.

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, reduce existing debt and / or obtain additional financing. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition. The Board of Directors and management have taken actions to address these issues including retaining a financial advisor as well as a consultant to explore strategic alternatives. Such alternatives could include, a sale of the Company, a sale of assets, a business combination, continuing as a standalone entity under a new capital structure, or no substantive change. The Company has entered into an agreement with Vertex One Asset Management (Vertex), the Company's only first lien secured creditor and its largest shareholder, subject to the receipt of new financing and shareholder approval, to exchange the notes payable (described in Note 7(a)) for perpetual Preferred Shares of the Company. In addition, the Company has received a term sheet and is entering the final stages of a financing arrangement that will meet the requirements of the Vertex conversion. There

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 2

can be no assurance that the financing will close and the notes payable will be converted to preferred shares, or the consideration of other 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 secure additional capital or complete a strategic alternative transaction.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

(b) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) as issued by the International Accounting Standards Board (IASB).

The notes presented in these unaudited condensed consolidated interim financial statements include in general only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2018 (the "2018 Annual Consolidated Financial Statements"). These statements include the application of IFRS 16, Leases (IFRS 16). Changes to significant accounting policies are described in Note 3.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of August 13, 2019, the date the Board of Directors approved the condensed consolidated interim financial statements.

(c) Measurement basis:

The condensed consolidated interim financial statements have been prepared mainly on the historical cost basis. Other measurement bases used are described in the applicable notes.

(d) Use of estimates:

Preparing condensed consolidated interim 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 condensed consolidated

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 3

interim financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which is described in Note 3.

3. Changes in significant accounting policies:

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods that were used to prepare the Company's 2018 Annual Consolidated Financial Statements, except as described below.

The Company adopted the following new accounting standard which is effective for the Company's condensed consolidated interim financial statements commencing January 1, 2019. The changes in accounting policies will also be reflected in the Company's consolidated financial statements as at and for the year ended December 31, 2019.

(a) IFRS 16, *Leases*

Effective January 1, 2019, the Company adopted IFRS 16, 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 major leases.

At inception of a contract, the Company assesses the right to control the use of an identified asset for a period of time in exchange for consideration to determine if the contract is a lease. The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The asset is depreciated to the earlier of the end of the useful life or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to use that option. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 4

remeasured when there is a change in the future lease payments, if there is a change in the Company's estimated amount expected to be paid, or if the Company changes its assessment of if it will exercise a purchase, extension, or termination option.

The Company has elected to apply the practical expedient not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

The Company adopted the standard using the modified retrospective method, and prior year period amounts were not adjusted. They remain as previously reported under IAS 17 and related interpretations. On initial application, the Company elected to record right of use assets based on the corresponding lease liability. At January 1, 2019, right of use assets of \$781 and lease obligations of \$891 were recorded with no net impact on retained earnings in the condensed consolidated interim financial statements. As a result of adopting this standard, deferred lease inducements were netted against the right of use assets. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.2%. The Company is now recording lease payments as depreciation and interest expense, which was previously recorded as lease expense from operating. There was no impact on cash flows from prior periods, however, current period cash flows from operating activities increased as lease payments are now recognized in cash flows from financing activities and interest expense from the lease obligations is included in financing costs.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previous assessed under IAS 17 and IFRC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2018.

The reconciliation of commitments at December 31, 2018 to lease obligations at January 1, 2019 after adopting this standard is summarized below:

	Lease obligations	Short-term office space	Equipment Leases	Total
Commitments at December 31, 2018	\$ 598	\$ 50	\$ 7	\$ 655
Future interest portion of leases	120	-	-	120
New lease obligations	159	-	-	159
Obligations under finance leases	14	-	-	14
Lease obligations at January 1, 2019	\$ 891	\$ 50	\$ 7	\$ 948

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 5

The impact on the condensed consolidated interim balance sheet as of June 30, 2019 of adopting IFRS 16 is summarized below:

	As reported	IFRS 16 Adjustments	Without IFRS 16 Adjustments
Assets			
Right of use assets	\$ 531	\$ (531)	\$ -
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Current portion of deferred lease inducements	-	35	35
Lease obligations, right of use assets	562	(562)	-
Obligations under finance leases	-	7	7
Long-term liabilities			
Deferred lease inducements	-	37	37
Lease obligations, right of use assets	67	(67)	-
Obligations under finance leases	-	1	1
Shareholders' deficiency:			
Deficit	(254,763)	18	(254,745)

The impact on the condensed consolidated interim statement of loss and other comprehensive income for the three months ended June 30, 2019 of adopting IFRS 16 is summarized below:

For the six months ended June 30,	As reported	IFRS 16 Adjustment	Without IFRS 16 Adjustments
Expenses:			
Operating costs	\$ 5,381	\$ 264	\$ 5,645
Depreciation of right of use assets	250	(250)	-
Financing costs	(1,415)	32	(1,383)
Loss before income taxes	(5,199)	18	(5,181)

4. Property and equipment:

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leasehold improvements	Under construction	Total
Balance at December 31, 2018	\$ 237	\$ 2,857	\$ 11	\$ 101	\$ 1,105	\$ 4,311
Additions	-	-	1	-	776	777
Depreciation	(93)	(442)	(3)	(23)	-	(561)
Balance at June 30, 2019	\$ 144	\$ 2,415	\$ 9	\$ 78	\$ 1,881	\$ 4,527

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 6

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leasehold improvements	Under construction	Total
Cost	\$ 11,083	\$ 31,226	\$ 388	\$ 1,074	\$ 1,105	\$ 44,876
Accumulated depreciation	(10,846)	(28,369)	(377)	(973)	-	(40,565)
Balance at December 31, 2018	\$ 237	\$ 2,857	\$ 11	\$ 101	\$ 1,105	\$ 4,311
Cost	\$ 11,083	\$ 31,226	\$ 389	\$ 1,074	\$ 1,881	\$ 45,653
Accumulated depreciation	(10,939)	(28,811)	(380)	(996)	-	(41,126)
Balance at June 30, 2019	\$ 144	\$ 2,415	\$ 9	\$ 78	\$ 1,881	\$ 4,527

5. Right of use assets:

	June 30, 2019
Balance at January 1, 2019	\$ 781
Depreciation	(250)
	\$ 531

6. Accounts payable and accrued liabilities:

	June 30, 2019	December 31, 2018
Accounts payable	\$ 1,436	\$ 1,118
Accrued liabilities	1,906	1,709
Other taxes payable	3	9
	\$ 3,345	\$ 2,836

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 7

7. Financial liabilities:

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities and balances at June 30, 2019:

	Notes Payable	Lease Obligations	Project Financing	Other	Total
Balance at December 31, 2018	\$ 29,065	\$ 14	\$ 1,588		\$ 30,667
Changes from financing activities:					
Payment of lease obligations	-	(299)	-		(299)
Total changes from financing activities	-	(299)	-	-	(299)
Foreign exchange	-	5	6		11
Other changes:					
Opening balance of lease obligations	-	877	-		877
Financing costs	1,377	32	-	6	1,415
Balance at June 30, 2019	\$ 30,442	\$ 629	\$ 1,594		\$ 32,671

(a) Notes payable:

The following table details the liability and equity components of each note payable balance at June 30, 2019:

Closing Date of Note	March 30, 2017	December 14, 2016	December 14, 2016	Total
Proceeds from issuance of notes	\$ -	\$ 6,000	\$ -	\$ 6,000
Repayment	-	(2,890)	-	(2,890)
Note modification - 2016	-	-	27,800	27,800
Conversion to long-term note payable	3,110	(3,110)	-	-
Issuance of December 2016 note	-	-	3,000	3,000
Transaction costs	-	-	(168)	(168)
Discount on the note	(746)	(158)	(8,880)	(9,784)
Effective interest on note discount	469	158	5,857	6,484
Long-term portion of notes payable	\$ 2,833	\$ -	\$ 27,609	\$ 30,442

The following table details the liability and equity components of each note payable balance at December 31, 2018:

Closing Date of Note	March 30, 2017	December 14, 2016	December 14, 2016	Total
Proceeds from issuance of notes	\$ -	\$ 6,000	\$ -	\$ 6,000
Repayment	-	(2,890)	-	(2,890)
Note modification - 2016	-	-	27,800	27,800
Conversion to long-term note payable	3,110	(3,110)	-	-
Issuance of December 2016 note	-	-	3,000	3,000
Transaction costs	-	-	(168)	(168)
Discount on the note	(746)	(158)	(8,880)	(9,784)
Effective interest on note discount	357	158	4,592	5,107
Long-term portion of notes payable	\$ 2,721	\$ -	\$ 26,344	\$ 29,065

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 8

i. December 14, 2016 note payable:

On December 14, 2016, the Company received \$6,000 as a bridge loan from Vertex. The loan is payable on the earlier of March 31, 2017 or the completion of the Rights Offering, which closed on March 30, 2017. All the proceeds of the Rights Offering were to be used to pay down this note payable, and any amounts which remain outstanding after the Rights Offering will be converted into a term loan due September 1, 2020. The note is non-interest bearing, and therefore the fair value at inception must be estimated to account for an imputed interest factor. The value at inception was determined to be \$5,842. The estimated discount rate was 9.21% and is subject to estimation uncertainty. The discount of \$158 was recognized in contributed surplus and was amortized over the term of the note using the effective interest method. The note was subject to prepayment provisions, if the Company's aggregate cash 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.

ii. December 14, 2016 note modification:

On December 14, 2016, the Company and Vertex restructured its September 15, 2016 note payable of \$25,800 and July 8, 2016 note payable of \$2,000. The original notes, bearing interest at 15% per annum each, were extended to mature on September 1, 2020 and the interest was eliminated. In addition, a promissory note payable for \$3,000 was issued in exchange for the termination of the royalty agreement, executed on February 23, 2015, and the amending agreement, which established the cash sweep requirement, executed on April 28, 2015. The restructured notes were treated as an extinguishment for accounting purposes, and given they require for zero interest payments, the fair value at inception must be estimated to account for an imputed interest factor. The value of the remaining promissory notes (\$25,800, \$2,000 and \$3,000) at inception was determined to be \$21,752, net of transaction costs of \$168. The estimated discount rate was 9.21% and is subject to estimation uncertainty. The discount to the note payable will be amortized over the term of the note using the effective interest method. For the six months ending June 30, 2019, \$1,265 was recognized in financing costs. The note is secured by a first priority lien on all the assets of the Company and is subject to prepayment provisions, if the Company's aggregate cash 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.

iii. March 30, 2017 note payable:

On March 30, 2017, the Company executed an amended and restated promissory note with Vertex One Asset Management (Vertex), for \$3,110 due September 1, 2020. The note represents the balance remaining from the December 14, 2016 bridge loan, following the completion of the Rights Offering (See Note 12(b)) and repayment of \$2,890. The note is non-interest bearing, and therefore the fair value at inception must be estimated to account for an imputed interest factor. The value at inception was determined to be \$2,364, based on the estimated discount rate of 8.05%, and is subject to estimation uncertainty. The resulting

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 9

discount of \$746 was recognized in contributed surplus as a gain on the modification of debt at March 30, 2017 and will be amortized over the term of the note using the effective interest method. For the six months ending June 30, 2019, \$112 was recognized in financing costs. The note is secured by a first priority lien on all the assets of the Company and is subject to prepayment provisions, if the Company's aggregate cash 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.

iv. May 22, 2019 Conditional Settlement:

On May 22, 2019 the Company announced an agreement with Vertex, subject to obtaining new financing and shareholder approval, to exchange the notes payable, detailed above, for newly created perpetual preferred shares.

The Agreement sets forth the terms on which Vertex will release its liens on the assets of the Company and convert the notes payable to Preferred Shares to facilitate new financing arrangements for the Company. The release of collateral will become effective upon closing of new financing as follows:

- A liquidation preference equal to \$10.8 million (the "Liquidation Preference"), which would be realized:
 - Upon any sale of all or substantially all of the assets of the Company or a liquidation of the Company, Vertex would be entitled to 100% of distributable cash on a priority basis ahead of all common shareholders in an amount up to 100% of the Liquidation Preference, calculated cumulatively with all prior distributions in respect of the Liquidation Preference; and
 - Upon a sale of less than substantially all of the assets of the Company, other than ordinary course and de minimis transactions, Vertex would be entitled to share in 50% of distributable cash on a priority basis in an amount up to 100% of the Liquidation Preference, calculated cumulatively with all prior distributions in respect of the Liquidation Preference, with the remaining 50% of distributable cash allocated to the common shareholders, including Vertex;
- A right to participate in dividends of operating income on an equivalent basis to common shareholders, which dividends would not reduce the outstanding Liquidation Preference, with the preferred shares having the right to 50% of all dividends, subject to dilution to the extent additional common shares are issued thereafter; and
- Provided; that in the event the new financing raises less than \$4.0 million, including unfunded commitments, Vertex would convert only 50% of the principal value of the Vertex Debt and the Liquidation Preference would be adjusted proportionately; provided further that no portion of the Vertex Debt would be converted if the new financing raises less than \$1.5 million.
- The closing of the conversion would be conditioned on the following:

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 10

- Intermap's entry into a new credit facility or delayed draw term loan, which may involve the granting of liens on all or a portion of the assets of the Company and its subsidiaries; and
- Approval by the Company's shareholders.

(b) Project financing:

Project financing includes a promissory note with a service provider. The note bears interest at 8% per annum and is secured by a last priority lien on an aircraft owned by the Company. As of June 30, 2019, the balance of the note is \$1,411. While the note is classified as a current liability on the balance sheet, the Company has disputed the amount owed and therefore has not committed to cash payments and has stopped accruing interest.

Additionally, the project financing balance includes reimbursable project development funds provided by a corporation designed to enable the development and commercialization of geomatics solutions in Canada. The funding is repayable upon the completion of a specific development project and the first sale of any of the resulting product(s). Repayment is to be made in quarterly installments equal to the lesser of 20% of the funding amount or 25% of the prior quarter's sales.

		June 30, 2019	December 31, 2018
Promissory note payable	\$	1,411	\$ 1,411
Reimbursable project funding		183	177
		1,594	1,588
Less current portion		(1,411)	(1,411)
Long-term portion of project financing	\$	183	\$ 177

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 11

8. Revenue:

Details of revenue are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Acquisition services	\$ 1,128	\$ 2,790	\$ 1,182	\$ 4,707
Value-added data	320	1,088	473	2,018
Software and solutions	468	650	1,101	1,202
	\$ 1,916	\$ 4,528	\$ 2,756	\$ 7,927
Primary geographical market				
United States	\$ 1,413	\$ 3,209	\$ 1,807	\$ 5,554
Asia/Pacific	185	745	199	1,404
Europe	318	574	750	969
	\$ 1,916	\$ 4,528	\$ 2,756	\$ 7,927
Timing of revenue recognition				
Upon delivery	\$ 306	\$ 1,227	\$ 597	\$ 2,339
Services overtime	1,610	3,301	2,159	5,588
	\$ 1,916	\$ 4,528	\$ 2,756	\$ 7,927

9. Operating and non-operating costs:

(a) Operating costs:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Personnel	\$ 1,455	\$ 2,224	\$ 2,953	\$ 4,266
Purchased services & materials ⁽¹⁾	1,010	1,211	1,900	1,719
Travel	77	125	134	248
Facilities and other expenses	190	333	394	721
	\$ 2,732	\$ 3,893	\$ 5,381	\$ 6,954

(1) Purchased services and materials include aircraft costs, project costs, professional and consulting fees, and selling and marketing costs.

(b) Restructuring costs:

During the six months ended June 30, 2019, the Company continued organizational restructuring to lower on-going operating costs specifically in its Jakarta operation. As a result, the company recorded \$272 of workforce reduction restructuring costs (six months ended June 30, 2018 - \$Nil).

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 12

(c) Financing costs:

	For the three months ended September 30, 2019		For the nine months ended September 30, 2019	
	2019	2018	2019	2018
Accretion of discounts recognized on notes payable	\$ 697	\$ 636	\$ 1,377	\$ 1,255
Interest on lease obligations	14	-	32	1
Interest on accounts payable	6	-	6	-
Interest on project financing	-	26	-	52
	\$ 717	\$ 662	\$ 1,415	\$ 1,308

10. Share capital:

(a) Issued:

	June 30, 2019		December 31, 2018	
	Number of		Number of	
	Shares	Amount	Shares	Amount
Class A common shares				
Balance, beginning of period:	17,268,472	\$ 199,917	16,396,289	\$ 199,634
Share-based compensation	-	-	872,183	283
Balance, end of period:	17,268,472	\$ 199,917	17,268,472	\$ 199,917

On June 28, 2018, 872,183 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of \$283 for these Class A common shares was included in operating costs.

(b) Contributed surplus:

	June 30, 2019	December 31, 2018
Balance, beginning of period	\$ 25,379	\$ 25,242
Share-based compensation	56	137
Balance, end of period	\$ 25,435	\$ 25,379

(c) Loss per share:

The calculation of loss per share is based on the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they are not included in the calculation of diluted loss per share. The Company has incurred a net loss for each period presented and the inclusion of the outstanding options and warrants in the loss per share calculation are anti-dilutive and are therefore not included in the calculation.

The underlying Class A common shares pertaining to 1,208,076 outstanding share options, 410,400 restricted share units (RSUs) and 546,456 outstanding warrants could potentially dilute earnings.

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 13

(d) Share option plan:

The Company established a share option plan to provide long-term incentives to attract, motivate, and retain certain key employees, officers, directors, and consultants providing services to the Company. The plan permitted granting options to purchase up to 10% of the outstanding Class A common shares of the Company. The share option plan was replaced at the Annual General Meeting on March 15, 2018 (see Note 10(e)), and all options issued and outstanding at that time will remain until such time they are exercised, expired or forfeited. As of June 30, 2019, 1,208,076 share options are issued and outstanding. No additional options will be issued under this plan.

The following tables summarize information regarding share options outstanding:

	June 30, 2019		December 31, 2018	
	Number of shares under option	Weighted average exercise price (CDN)	Number of shares under option	Weighted average exercise price (CDN)
Options outstanding, beginning of period	1,284,077	\$ 1.04	1,396,079	\$ 1.09
Expired	(61,167)	3.86	(56,752)	2.26
Forfeitures	(14,834)	0.90	(55,250)	0.89
Options outstanding, end of period	1,208,076	\$ 0.90	1,284,077	\$ 1.04
Options exercisable, end of period	1,039,198	\$ 0.92	931,487	\$ 1.13

Exercise Price (CDN\$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.70	810,213	7.79 years	650,210
0.80	291,732	7.39 years	291,732
1.70	2,500	1.13 years	2,500
2.30	12,381	2.13 years	12,381
2.70	35,500	2.88 years	26,625
2.90	55,750	0.72 years	55,750
	1,208,076	7.15 years	1,039,198

During the six months ended June 30, 2019, the estimated forfeiture rate was 10.36%. During the six months ended June 30, 2019, the Company recognized \$25 (six months ended June 30, 2018 – \$75) of non-cash compensation expense related to the share option plan.

(e) Omnibus plan:

The omnibus plan was approved by the shareholders at the Annual General Meeting on March 15, 2018 and replaces the share option plan, the employee share compensation plan and the director's share compensation plan. The omnibus plan permits the issuance of options, stock appreciation rights, restricted share units and other share-based awards under one single plan.

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 14

The maximum number of common shares reserved under the omnibus plan is 3,363,631. Any common shares reserved under the predecessor share option plan related to awards that expire or forfeit will be rolled into the omnibus plan. As of June 30, 2019, 1,208,076 share options and 410,400 RSUs are issued and outstanding. In addition, 872,183 Class A common shares were issued (see Note 10(a)) under the plan, leaving 872,972 awards remain available for future issuance.

The following tables summarize information regarding RSUs outstanding:

	June 30, 2019	December 31, 2018
	Number of RSUs	Number of RSUs
RSUs outstanding, beginning of period	430,200	481,700
Forfeitures	(19,800)	(51,500)
RSUs outstanding, end of period	410,400	430,200

During the twelve months ended December 31, 2018, 481,700 RSUs were issued at a weighted average grant date fair value of C\$0.37 per share. During the six months ended June 30, 2019, the Company recognized \$31 (six months ended June 31, 2018 - \$7) of non-cash compensation expense related to the RSUs.

(f) Share-based compensation expense:

Non-cash compensation expense has been included in operating costs with respect to the share options, RSUs and shares granted to employees and non-employees as follows:

	For the three months ended June 30, 2019		For the six months ended June 30, 2019	
	2019	2018	2019	2018
Employees	\$ 24	\$ 29	\$ 56	\$ 82
Directors and advisors	-	283	-	283
Non-cash compensation	\$ 24	\$ 312	\$ 56	\$ 365

11. Class A common share purchase warrants:

The warrant amounts and prices have been adjusted because of the December 2017 share consolidation. The following table details the number of Class A common share purchase warrants outstanding at each balance sheet date:

Grant Date	Expiry Date	Exercise Price	Granted	Anti-dilution Adjustment	Number of Warrants Outstanding December 31, 2018	Expired	Number of Warrants Outstanding March 31, 2019
4/1/2015	9/1/2020	US\$ 0.70	458,907	87,549	546,456	-	546,456
			458,906	87,549	546,456	-	546,456

Each warrant entitles its holder to purchase one Class A common share. The 546,456 outstanding warrants denominated in United States dollars are recognized as part of share

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 15

capital. At December 31, 2018 \$385 is included in share capital related to these warrants. As the exercise prices are denominated in U.S. dollars, the Company's functional currency, the warrants are not considered a derivative liability and are not required to be recorded as a financial liability and revalued at each balance sheet date.

The expiry date for the warrants issued on April 1, 2015 was extended to September 1, 2020 by approval of the shareholders at the Annual General Meeting on March 15, 2018.

12. Lease obligations:

The following table presents the contractual undiscounted cash flows for right of use asset lease obligations which require the following payments for each year ending June 30:

2020	\$	585
2021		67
	\$	652

Interest expense on lease obligations for the six months ended June 30, 2019 was \$32. Total cash outflow for leases was \$447, including \$154 for short-term and low-value leases. There are no variable payment components which are not included in the measurement of lease obligations.

The Company also has contractual undiscounted cash flows for short-term and low-value operating leases for equipment and office space that are not on the balance sheet which require the following payments for each year ending June 30:

2020	\$	268
2021		1
	\$	269

13. Segmented information:

The operations of the Company are in one industry segment: digital mapping and related services. Revenue by geographic segment is included in Note 8.

Property and equipment of the Company are located as follows:

	June 30, 2019	December 31, 2018
United States	\$ 3,555	\$ 3,528
Canada	879	691
Europe	36	21
Asia/Pacific	57	71
	\$ 4,527	\$ 4,311

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 16

A summary of sales to major customers that exceeded 10% of total sales during each period are as follows:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Nine months ended June 30, 2019	Nine months ended June 30, 2018
Customer A	\$ 1,127	\$ 2,790	\$ 1,181	\$ 4,708
Customer B	-	615	-	1,262
	\$ 1,127	\$ 3,405	\$ 1,181	\$ 5,970

14. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, and capital risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities. There have been no significant changes to the Company's risk management strategies since December 31, 2018.

Trade receivables as of June 30, 2019, and December 31, 2018, consist of:

	June 30, 2019	December 31, 2018
Trade receivables	\$ 1,121	\$ 3,207
Other miscellaneous receivables	7	14
	\$ 1,128	\$ 3,221

Trade receivables by geography consist of:

	June 30 2019	December 31, 2018
United States	\$ 51	\$ 907
Europe	131	230
Canada	-	350
Asia/Pacific	939	1,720
	\$ 1,121	\$ 3,207

An aging of the Company's trade receivables are as follows:

	June 30, 2019	December 31, 2018
Current	\$ 233	\$ 3,062
31-60 days	32	118
61-90 days	61	17
Over 91 days	795	10
	\$ 1,121	\$ 3,207

Most of the trade receivables past due balance relates to a data sale that the Company granted extended payment terms of less than one year and are considered collectible. To date, the related customer has met each committed payment date.

INTERMAP TECHNOLOGIES CORPORATION

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share information)
(Unaudited)

For the six months ended June 30, 2019

Page 17

15. Fair values:

The fair values of the financial assets and liabilities are shown at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash, amounts receivable, accounts payable and accrued liabilities and provisions approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Notes payable are evaluated by the Company based on parameters such as interest rates and the risk characteristics of the instrument.
- The fair value of the non-broker warrants is estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate.

(a) Fair value hierarchy:

Financial instruments recorded at fair value on the Condensed Consolidated Interim Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the reporting periods, there were no transfers between Level 1 and Level 2 fair value measurements.