2013

ANNUAL REPORT

Intermap Technologies Corporation

INTERMAP®

President's Message

Financial information as discussed herein is in U.S. dollars unless otherwise noted.

During 2013, Intermap's primary focus was on the development of our Orion Platform™ - a software-driven spatial data platform that derives answers for customers and provides a recurring software revenue stream to Intermap.

The Orion Platform's four key elements include:

1. 3D Business Intelligence (3DBI): Analytics based software as a service (SaaS) applications for both GIS and non-GIS users
2. Infrastructure: Server based software delivered in both platform as a service (PaaS) and traditional local licenses
3. Foundation Data: Seamless, off-the-shelf, high-resolution elevation data
4. Geospatial Services: Auditing, custom data collection, and data aggregation services

Our Orion Platform embodies our solutions selling approach that provides our customers with the ability to analyze tera-bytes of different data types and deliver targeted information that is unique to a specific industry – for example: flood analysis in the insurance markets. The Orion platform allows businesses and governments to geospatially align everything in their environment. It also allows them to distribute complicated geospatial transformations in an easy to use browser format for both office and mobile users.

At the end of the year, we were able to increase investment in our software development capabilities in order to accelerate the introduction of our applications. For most of 2013, our rate of development was based on internally generated cash flows. Some of the larger cash generating spatial data infrastructure (SDI) contracts that we had expected in 2013 have now moved into 2014. These opportunities are alive and well, with continued progress towards closing. The effect of the delays was a reduction in our expected operating cash flows during the year. These reduced cash flows created an increase in our software design cycles and delays in certain of our software product launches into 2014. The latest $5.0 million round of financing, which was announced in February 2014, will provide us with the necessary working capital to bring these products to market sooner in the coming year. We currently have new software applications in beta version with lead customers that will be introduced in the first half of 2014. Further, our AdPro software application for the outdoor advertising space is gaining momentum in the market, and is currently being enhanced to include additional key industry specific analytics.

With the increasing availability of data from satellite vendors around the world, we see that our customers are finding it more and more difficult to convert their imagery into useful outputs that can address their specific needs. Our software infrastructure capabilities support hundreds of different data streams simultaneously, and this is done in both a static and real-time environment. This capability allows for fit-for-purpose applications such as how current rain conditions impact a specific flood zone. Integration in this manner can assist in saving both lives and propery all over the world. Further, many of our customer's applications require updated spatial data, and our infrastructure has the ability to facilitate the latest and greatest information possible.

A key metric that we use to measure the progress of our business is positive adjusted EBITDA. We were successful in this metric during 2013 and we expect to see an improvement in this key indicator during the coming year. Our identified sales opportunities have grown for this coming year, driven by commercial applications including data management, advertising, and risk management - as well as new SDI opportunities both domestically and internationally. We are working to close new Orion Platform based SDI contracts in the coming months from our growing list of identified opportunities. The delays previously mentioned in some of our larger opportunities were due to political unrest and contracting delays in the regions of interest. We continue to work closely with our customers in these regions as the dynamics evolve and we progress towards closure.

Our net loss for the year was $14.9 million. This amount included a $9.2 million impairment charge and $4.6 million of amortization on our data library. Absent these two related non-cash expense items, our net loss for the year would have been $1.1 million. As we move into 2014, we're pleased that the expenses associated with the capitalization of only a portion of our data library are now behind us. With the absence of these non-cash charges in future periods, our path to sustained profitability is attainable. Additionally, we will now be able to report what we believe to be a more meaningful expression of the true operating results of the Company as reflected in the net income amount.

As we have pointed out many times, Intermap's financial dynamics are best evaluated on an annual basis, rather than on a quarterly basis. As we increase the software revenue portion of our business, the need for larger projects will begin to diminish. However, these larger projects will still contribute nicely to our bottom line.

We are now in our third year of Intermap's turnaround of converting from primarily a data delivery company, to a software based company. Our software products are about one quarter behind where we had originally planned, but the need for these applications has not diminished in the least. As we deliver our SaaS, PaaS, and traditional software with maintenance products in the coming periods, a change in revenue will begin to occur so that revenue will become recurring in nature. Additionally, in the coming year, we will continue to expand our partner network to help enhance our go-to-market plans for these products.

The year 2013 was a good year to position the new Intermap. 2014 will be the year that we move through the inflection point of just developing software products, but actually selling them. While there will be challenges ahead, we are seeing a number of positive signs in the marketplace including (i) the U.S. government finally has a budget, (ii) our software products work at both the enterprise and government levels, and (iii) the number of perils that have hurt business and governments is at an all time high.

And finally, we would like to thank our investors for their continued support throughout the year. We're excited about the developments that are taking place at Intermap today and we look forward to revenue growth for 2014.

(Signed) Todd A. Oseth

Todd A. Oseth, President and Chief Executive Officer
Intermap Technologies

Management's Discussion and Analysis

For the year ended December 31, 2013

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 12, 2014, and should be read together with the Company's audited Consolidated Financial Statements and the accompanying notes for the years ended December 31, 2013 and 2012. 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.

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 with information about the Company and its subsidiaries, including Management's assessment of Intermap's future plans and operations, 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 words suggesting future outcomes or statements regarding an outlook. Although Intermap believes that these forward-looking statements are based upon assumptions that Intermap 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 developments 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) the Company will continue to maintain sufficient and effective production capabilities to compete on the cost of its products; (iii) there will be no significant reduction in the availability of qualified and cost-effective human resources; (iv) the continued sales success of Intermap's products and services; (v) the continued success of business development activities; (vi) the continued existence and productivity of subsidiary operations; (vii) there will be no significant delays in the development and commercialization of the Company's products; (viii) new products and services will continue to be added to the Company's portfolio in a timely manner; (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; and (xi) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements, and (xii) superior geospatial related 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, common share price volatility, loss of proprietary information, 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, the Company's most recently filed AIF 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 location-based information company, creating a wide variety of geospatial solutions and analytics from its NEXTMap® database. The Company uses its NEXTMap 3D digital models, together with aggregated third party data, to create geospatial solutions for its customers. These geospatial solutions can be used in a wide range of applications including, but not limited to, location-based information, geographic information systems (GIS), engineering, utilities, global positioning systems (GPS) maps, geospatial risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization. The NEXTMap data can also be used to improve the positional accuracy of airborne and satellite images.

Intermap has the ability to create its own digital 3D geospatial data using its proprietary IFSAR radar technology mounted in a Learjet aircraft. The Company has two IFSAR-equipped aircraft, which provide operational flexibility related to geographical location of data collection. Intermap's radar-based technology allows it to collect data at any time of the day, including under conditions such as cloud cover or darkness, which are conditions that limit most competitive technologies. The IFSAR radar technology also enables data to be collected over larger areas, at higher collection speeds, and at accuracy levels that are difficult to achieve with competitive systems. Once the raw digital data is collected, it is then processed to create three different geospatial datasets: digital surface models, digital terrain models, and orthorectified radar images. These datasets can then be further processed and/or augmented with additional data to create value-added products.

The Company has been actively transitioning its NEXTMap program from primarily an internally created IFSAR radar-only dataset to an aggregated dataset of IFSAR-derived data and third-party data collected by multiple sensor technologies, including light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources. The NEXTMap database also includes information such as 3D city models, census data, real-time traffic, outdoor advertising assets, weather related hazards, points of interest, cellular towers, flood models and wildfire models. The Company has many years of experience aggregating data derived from a number of different sensor technologies and data sources. In addition, the Company is combining its mapping services capability and NEXTMap database, together with its software application development capability and system integration expertise, to create entire spatial data infrastructure (SDI) environments for its customers.

The Company believes the value of its NEXTMap data lies primarily in web-based application solutions for specific vertical markets, and not solely in the data as a standalone product. These web services offer a suite of hosted tools that gives even those unfamiliar with GIS the ability to quickly and easily perform terrain analysis based on an area of interest such as a land development site, county, or an entire state. Subscribers to the Company's web-services can access NEXTMap information using their current web browsers and through popular desktop GIS software applications.

Unlike other geospatial companies, Intermap typically retains ownership of its data and licenses the use of its products and services to its customers. Intermap currently has 3D geospatial data commercially available for 17 countries in Western Europe, the contiguous United States and Hawaii, portions of Alaska, and significant areas in Southeast Asia. Intermap also has a 30-meter product of the entire world, called NEXTMap World 30™.

NEXTMap

The NEXTMap database was built from the acquisition, processing and aggregation of terrain elevation data, geometric images and other geospatial information such as demographics, view sheds, outdoor advertising artifacts, flood models, and wildfire models, to name a few. The Company uses these diversified geospatial elements to enhance the value of the NEXTMap database.

The data library amounts shown on the Company's consolidated balance sheet include only elevation related data and imagery from the Company's original NEXTMap USA and NEXTMap Europe radar mapping programs. All other geospatial data and information included in the NEXTMap database was expensed as acquired.

The original NEXTMap USA dataset covered an area of nearly 8.0 million square kilometers of the contiguous United States and Hawaii. The original NEXTMap Europe dataset represented 2.5 million square kilometers of area and included the 17 countries of Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Spain, Scotland, Switzerland, and Wales.

In December 2013, a review of the Company's approach to licensing raw data from its NEXTMap USA and NEXTMap Europe datasets was undertaken. Upon completion of the review, it was determined that the historical approach of licensing raw data from these two datasets was no longer a priority for the Company as the focus for future periods will be primarily on the licensing of Orion™ based 3DBI software applications. These 3DBI software applications deliver specific answers to the end user, rather than raw data.

The Company will continue to license raw data from its NEXTMap USA and NEXTMap Europe datasets, however, the estimated amount and timing of such licenses is subject to estimation uncertainty. Additionally, as a result of the Company's focus on its Orion based 3DBI software applications, the investment in the resources necessary to fully exploit the sale of raw data from the NEXTMap USA and NEXTMap Europe datasets will be limited. These changes, coupled with the continued decline in licensing revenue from these two datasets, led the Company to perform an asset impairment review to determine if the carrying value of the NEXTMap USA and NEXTMap Europe dataset assets (cash generating units) were recoverable. The Company determined that the future expected cash flows from the two assets was insufficient to recover the carrying value of the assets, resulting in a pre-tax asset impairment charge of $9.2 million (the remaining net book value of the combined assets at December 31, 2013).

The Company believes there is a large selection of high quality geospatial information that is available in the USA and Western Europe that users of geospatial information in Southeast Asia do not have access to. As a result, the Company believes the immediate opportunity to sell its products and services in Southeast Asia and other underdeveloped regions are greater than in the USA and Western Europe. The Company is, however, currently developing new low cost, market-specific cloud-based software applications that may utilize the entire NEXTMap dataset to address customer specific geospatial needs.

FINANCIAL INFORMATION

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

Selected Annual Information

U.S. $ millions, except per share data		**2013**		2012		2011
Revenue:						
Contract services	**$**	**19.1**	$	11.9	$	10.8
Data licenses		**5.3**		15.9		13.3
Total revenue	**$**	**24.4**	$	27.8	$	24.1
Net loss before data library impairment	**$**	**(5.7)**	$	(2.9)	$	(13.6)
Data library impairment		**(9.2)**		-		-
Net loss	**$**	**(14.9)**	$	(2.9)	$	(13.6)
EPS basic and diluted	**$**	**(0.18)**	$	(0.04)	$	(0.19)
Adjusted EBITDA	**$**	**1.2**	$	5.0	$	(4.5)
Assets:						
Cash,amounts receivable, and unbilled revenue	**$**	**9.0**	$	10.5	$	7.0
Data library	**$**	**-**	$	13.8	$	18.4
Total assets	**$**	**12.9**	$	28.9	$	31.6
Total long-term liabilities (including finance lease obligations)	**$**	**0.4**	$	1.3	$	2.6

Revenue

Consolidated revenue for the year ended December 31, 2013 totaled $24.4 million, compared to $27.8 million for the same period in 2012, representing a 12% decrease. As of December 31, 2013, there remained $2.1 million in revenue from existing contracts ($1.6 million in contract services and $0.5 million in data licensing contracts) to be recognized in future periods.

Contract services revenue for the year ended December 31, 2013 was $19.1 million, an increase of 61% over the same period in 2012 which totaled $11.9 million. During the year ended December 31, 2013, the Company recognized revenue of $13.4 million on a contract in Southeast Asia and $3.5 million on a contract in North America. For the same period in 2012, revenue was recognized primarily from the culmination of a contract in Southeast Asia in the amount of $3.9 million and a project in North America in the amount of $5.7 million.

Data licenses revenue for the years ended December 31, 2013 and 2012 totaled $5.3 million and $15.9 million, respectively. The decrease was primarily the result of two significant sales during the year ended December 31, 2012 from the Company's NEXTMap Asia dataset in the amounts of $8.1 million and $2.7 million, respectively. There were no significant data licensing contracts that generated similar amounts of revenue during the year ended December 31, 2013.

Classification of Operating Costs

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

U.S. $ thousands		**2013**		2012
Personnel	**$**	**12,430**	$	12,936
Purchased services & materials		**7,784**		7,358
Travel		**1,577**		1,152
Facilities and other expenses		**1,306**		1,947
	$	**23,097**	$	23,393

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions.

Personnel expense for the years ended December 31, 2013 and 2012, totaled $12.4 million and $12.9 million, respectively. The 4% year-over-year decrease in personnel expense is primarily due to a change in the mix of wage earners, even though headcount increased slightly on a year-over-year basis. There was also a decrease in non-cash compensation expense during 2013 as compared to 2012 as there were a greater number of stock awards granted to non-employees in 2012 than in 2013, as well as the completion of the amortization of the balance of restricted shares during the first quarter of 2013. Consolidated active employee headcount was 202 (including 97 in Jakarta, Indonesia) at December 31, 2013, a 9% increase from 185 (including 88 in Jakarta, Indonesia) at December 31, 2012. The increase in personnel on a year-over-year basis was the result of increases in (i) sales and marketing 17%, or 4 personnel; (ii) operations 17%, or 13 personnel; and (iii) engineering, research and development 9%, or 5 personnel. These increases were offset by reductions in administrative 15%, or 5 personnel.

Non-cash compensation expense is included in operating costs and relates to share options and shares granted to employees and non-employees. Non-cash share-based compensation for the years ended December 31, 2013 and 2012, totaled $0.5 million and $0.7 million, respectively. The year-over-year decrease of $0.2 million was primarily due to (i) the expiration, forfeiture and full vesting of share options issued in prior periods; and (ii) Board of Directors related compensation paid in cash during the current year where such compensation was paid in common shares during the prior year.

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; and (iv) third party software expenses (including maintenance and support).

For the years ended December 31, 2013 and 2012, PS&M expense was $7.8 million and $7.4 million, respectively. The increase in this category of expense is primarily due to increases in subcontractor expenses associated with the airborne radar collection portion of a project in Southeast Asia and third party LiDAR acquisition services on a contract in North America. The increase is offset partially by cost efficiencies achieved in airborne data collection efforts and differences in specific logistical requirements associated with contract locations. The stage of progress on each radar data collection contract and the individual requirements and logistics associated with the Company's airborne radar collection efforts can create significant expense variations between reporting periods.

Travel

For the years ended December 31, 2013 and 2012, travel expense was $1.6 million and $1.2 million, respectively. The increase during the year ended December 31, 2013 compared to the same period in 2012 is primarily due to increased travel associated with a major mapping services contract in Southeast Asia, and secondarily to an increase in travel for sales and marketing related personnel to train channel partners on the Company's new product offerings.

Facilities and Other Expenses

For the years ended December 31, 2013 and 2012, facilities and other expenses were $1.3 million and $1.9 million, respectively. The decrease for the year ended December 31, 2013, compared to the same period in 2012 is primarily due to the reversal of a facility provision of $0.7 million (net of deposits) during 2013.

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, taxes, depreciation and amortization. Adjusted EBITDA also excludes restructuring costs, share-based compensation, gain or loss on the disposal of equipment, impairment losses or reversals, 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 income (loss) to adjusted EBITDA.

U.S. $ millions	**2013**	2012
Net income (loss)	**$ (14.9)**	$ (2.9)
Interest expense	**0.5**	0.5
Depreciation of property and equipment	**1.4**	1.8
Amortization of data library	**4.6**	4.6
Amortization of intangible assets	**0.1**	0.2
Income tax expense	**0.1**	-
EBITDA	**$ (8.2)**	$ 4.2
Restructuring costs recovery	**(0.7)**	(0.1)
Share-based compensation	**0.5**	0.7
Gain on disposal of equipment	**(0.1)**	-
Loss on foreign currency translation	**0.5**	0.2
Impairment of data library	**9.2**	-
Adjusted EBITDA	**$ 1.2**	$ 5.0

Adjusted EBITDA for the year ended December 31, 2013 was $1.2 million, compared to $5.0 million for the same period in 2012. The decrease in adjusted EBITDA on a year-over-year basis is primarily attributable to a decrease in revenue of $3.4 million and an increase in operating expenses of $0.4 million, excluding the restructuring costs recovery.

Depreciation of Property and Equipment

Depreciation expense for the year ended December 31, 2013 totaled $1.4 million, compared to $1.8 million for the same period in 2012. The decrease in depreciation expense is primarily the result of certain assets dedicated to the Company's NEXTMap database development reaching the end of their useful lives, without the addition of comparable replacement assets.

Amortization of Data Library

For the years ended December 31, 2013 and 2012, amortization expense relating to the data library was $4.6 million in each year. The asset was amortized on a straight-line basis, and no additions were made to the asset during the periods presented.

Impairment of Data Library

An impairment review was performed to determine if the carrying value of the NEXTMap USA and NEXTMap Europe dataset assets were recoverable. The Company determined that the recoverable amount of the datasets was insufficient to recover the carrying value of the assets, resulting in a pre-tax impairment of $9.2 million (see "NEXTMap").

Financing Costs

Financing costs for the year ended December 31, 2013 totaled $512 thousand, compared to $523 thousand for the same period in 2012. The decrease in financing costs is attributable to interest on a convertible note that was issued in June 2012 and converted to share capital in June 2013. These financing costs were further decreased by interest on long-term debt due to the reduction of principal resulting from recurring payments.

Gain on Disposal of Equipment

During 2013, the Company sold fully depreciated assets and recognized a gain of $163 thousand on the sale of the assets. The assets sold consisted of spare radar parts, a transmitter, critical spares, and miscellaneous computer equipment.

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. Steps taken to minimize translation effects have included the movement of cash and cash equivalents between Canadian dollar, Euro and United States dollar currencies. The result is a partial natural currency hedge for the Company.

The difference between any amounts billed in United States dollars and paid in a foreign currency is recognized as a gain or loss in the period it is settled. During the year ended December 31, 2013, a foreign currency translation loss of $506 thousand was recorded, compared to a loss of $233 thousand for the same period in 2012. The increase from the year ago period is primarily the result of the strengthening of the United States dollar against certain foreign currencies where mapping services contracts are being performed.

Income Tax

Current income tax expense of $28 thousand was incurred during the year ended December 31, 2013, compared to a recovery of $20 thousand during the same period in 2012. The expense for the year ended December 31, 2013 relates to taxable income generated from the Company's Czech Republic subsidiary. The recovery for the year ended December 31, 2012 is due to tax deposits made for the Company's German subsidiary.

Amounts Receivable and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified contract milestones. Revenue on certain of these 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 schedule payments on contracts in accordance 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 sheet as unbilled revenue.

Amounts receivable and unbilled revenue decreased from $8.4 million at December 31, 2012, to $6.6 million at December 31, 2013. These amounts represent 142 days' sales at December 31, 2013, compared to 42 days sales at December 31, 2012, and reflect specific project billing milestones on current contracts that were in progress on those dates. The increase is days' sales outstanding primarily relates to a large amounts receivable balance outstanding greater than 90 days from a historically slow paying customer. The balance is considered collectible as the customer continues to make regular payments.

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 from $4.7 million at December 31, 2012, to $4.0 million at December 31, 2013. This decrease is due primarily to the timing of payments against the Company's trade accounts payable, a decrease in interest due to conversion of the convertible note, and the payment of accrued compensation during 2013.

U.S. $ thousands		**2013**		2012
Accounts payable	$	1,997	$	2,152
Accrued liablities		1,936		2,572
Other taxes payable		20		23
	$	3,953	$	4,747

Provisions

Provisions decreased to $Nil at December 31, 2013 from $0.7 million at December 31, 2012 as an excess facility provision was determined not to be payable during the year ended December 31, 2013.

Notes Payable

The notes payable balance decreased from $1.8 million at December 31, 2012, to $1.2 million at December 31, 2013. The decrease is due to payments on a promissory note to a service provider for an outstanding balance. The balance due to the service provider at December 31, 2013 is $1.1 million. Payment of the principal began in December 2012 and the promissory note matures in November 2014.

The additional $0.1 million in notes payable at December 31, 2013 relates to reimbursable project development funds from the Canadian government received by the Company. Such funds are repayable upon the completion of development efforts on specifically identified technology and the first sale of the resulting developed products. The repayment of the note began during the third quarter of 2013.

Convertible Note

The convertible note balance of $2.4 million at December 31, 2012 was due to a private placement convertible debt financing that closed June 27, 2012. The principal balance of the note was $2.5 million, and the discount of $0.2 million was recognized over the twelve month term of the note using the effective interest method. Simple interest was payable at maturity at an annual rate of 21%. Under the terms of the note, the accrued interest payable on any converted principal balance would be waived at the time of conversion.

On June 26, 2013, the holder issued a conversion notice for the full balance of the convertible note payable. On June 27, 2013, the Company issued 7,515,476 Class A common shares to the note holder, and on

August 28, 2013, the Company issued the remaining 5,000,000 Class A common shares to the note holder representing the full conversion of the note.

Unearned Revenue and Deposits

The unearned revenue balance at December 31, 2013 decreased to $110 thousand from $145 thousand at December 31, 2012. This balance consists of payments received from customers on revenue contracts for which the Company has not yet fulfilled its obligations, or which the necessary revenue recognition criteria has not been met.

Finance Lease Obligations

Finance lease obligations at December 31, 2013 remained the same at $0.3 million from December 31, 2012. A finance lease obligation existing at December 31, 2012 reached the end of its term in September 2013 and was offset by a new finance lease for the purchase of $0.3 million of data storage equipment and software in December 2013.

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 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	**Q4 2013**
Revenue:								
Contract services	$ 3.3	$ 1.6	$ 4.1	$ 2.9	$ 4.0	$ 7.8	$ 5.4	**$ 1.9**
Data licenses	0.9	6.4	3.9	4.7	1.1	1.1	0.9	**2.2**
Total revenue	$ 4.2	$ 8.0	$ 8.0	$ 7.6	$ 5.1	$ 8.9	$ 6.3	**$ 4.1**
Depreciation and amortization	$ 1.8	$ 1.6	$ 1.6	$ 1.6	$ 1.6	$ 1.5	$ 1.5	**$ 1.4**
Net income (loss) before data library impairment	$ (5.1)	$ 0.8	$ 0.4	$ 1.0	$ (2.0)	$ 0.2	$ (0.5)	**$ (3.4)**
Data library impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (9.2)**
Net income (loss)	$ (5.1)	$ 0.8	$ 0.4	$ 1.0	$ (2.0)	$ 0.2	$ (0.5)	**$ (12.6)**
Net income (loss) per share - basic and diluted	$ (0.06)	$ 0.01	$ 0.01	$ 0.01	$ (0.03)	$ -	$ (0.01)	**$ (0.14)**
Adjusted EBITDA	$ (2.9)	$ 2.7	$ 2.5	$ 2.7	$ (0.1)	$ 2.2	$ 0.6	**$ (1.5)**

Revenue

Consolidated revenue for the fourth quarter of 2013 totaled $4.1 million, compared to $7.6 million for the same period in 2012, representing a 46% decrease. Contract services revenue for the fourth quarter of 2013 decreased to $1.9 million, a 34% decrease from the $2.9 million recorded during the same period in 2012. The decrease was primarily the result of differences in the quantity of work performed (airborne collection, data processing and data editing) on outstanding contracts during the respective periods where revenue is recognized on a percentage of completion basis. Data licenses revenue for the fourth quarter of 2013 totaled $2.2 million, compared to $4.7 million for the same period in 2012, representing a 53% decrease. The decrease was primarily the result of revenue recognized during the fourth quarter of 2012 on a $2.3 million contract that was announced in November 2012 for the licensing of data from the Company's Southeast Asia database.

Personnel

Personnel expense for the three-month periods ended December 31, 2013 and 2012 totaled $2.9 million in each period. Headcount increased on a year-over-year basis, but was offset by a change in the mix of wage earners.

Non-cash share-based compensation for the fourth quarter of 2013 was $0.2 million, compared to $0.1 million for the same period in 2012. The increase is due to an issuance of stock options to the Board of Directors that vested at the time of grant.

Purchased Services and Materials

For the three-month periods ended December 31, 2013 and 2012, PS&M expense was $2.1 million and $1.3 million, respectively. The increase in this category of expense is primarily due to increases in subcontractor expenses associated with the airborne radar collection portion of a project in Southeast Asia and third party LiDAR acquisition services on a contract in North America.

Travel

For the three-month periods ended December 31, 2013 and 2012, travel expense was $0.2 million and $0.3 million, respectively. The decrease during the three-month period ended December 31, 2013 compared to the same period in 2012 is primarily the result of decreased travel by operations personnel associated with the stage of progress on an outstanding mapping service contracts in place during the period.

Facilities and Other Expenses

For the three-month periods ended December 31, 2013 and 2012, facilities and other expenses were $0.5 million.

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:

		Payments due by Period (US $ thousands)			
Contractual obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating leases	$ 1,783	$ 866	$ 917	$ -	$ -
Notes payable	1,208	1,208	-	-	-
Finance leases	354	142	212	-	-
Total	$ 3,345	$ 2,216	$ 1,129	$ -	$ -

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 amounts receivable, 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.

Cash generated from operations during the year ended December 31, 2013 totaled $1.9 million, compared to $0.3 million during the same period in 2012. The improvement of $1.6 million is due primarily to the change in working capital balances.

Net cash used in investing activities totaled $0.6 million for the year ended December 31, 2013, compared to $0.4 million during the same period in 2012. Net cash used in investing activities for the year ended December 31, 2013 was primarily for the purchase of property and equipment of $780 thousand, offset by proceeds from the sale of property and equipment of $163 thousand. Cash used in investing activities during the same period in 2012 was for the purchase of property and equipment of $288 thousand and the development of intangible assets (the Company's NEXTMap WebStore™) of $113 thousand, offset by proceeds from the sale of property and equipment of $41 thousand.

Net cash used in financing activities totaled $0.9 million during the year ended December 31, 2013, compared to net cash generated by financing activities totaling $1.5 million during the same period in 2012. The net cash used in financing activities during the year ended December 31, 2013 was due to the repayment of a promissory note and capital leases of $0.9 million. The net cash generated from financing activities during the same period in 2012 was due to the closing of a convertible note debt financing totaling $2.5 million, offset by $0.1 of issuance costs and repayment of long-term debt and capital leases of $1.0 million.

The cash position of the Company at December 31, 2013 (cash and cash equivalents) was $2.4 million, compared to $2.1 million at December 31, 2012. Working capital improved to $3.9 million as of December 31, 2013 from $1.9 million as of December 31, 2012 due to (i) decrease in accounts payable and accrued liabilities of $0.8 million; (ii) decrease in convertible note payable of $2.4 million; and (iii) decrease in provisions of $0.7 million. These amounts were partially offset by a decrease in accounts receivable and unbilled revenue of $1.9 million.

During the year ended December 31, 2013, the Company generated a net loss of $14.9 million, had positive adjusted EBITDA of $1.2 million, and positive cash flow from operations of $1.9 million. In addition, the Company has an accumulated deficit of $201.1 million. Although the Company has made significant financial progress during its most recent fiscal year, its continuing operations are dependent on its ability to produce future profitable operations and generate positive cash flows from operations. If these activities are not adequate to fund the Company's ongoing operations, the Company may be required to explore additional financing alternatives, if available. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations in future periods.

The above factors in the aggregate raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including a shift in organizational wide focus from the historical approach of licensing raw data to the licensing of the Company's Orion based 3DBI software applications, and has obtained additional financing. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing, if required. These actions have begun to make a positive impact on the performance of the Company, however, the Company cannot be certain that its future cash generated from operations will be sufficient to satisfy its liquidity requirements on a go forward basis.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists; (ii) the significant risks and rewards of ownership, including managerial involvement, have been transferred to the buyer; (iii) the amount of revenue can be measured reliably; and (iv) costs incurred or to be incurred can be measured reliably. Billings in excess of revenue are recorded as unearned revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

Goods Sold

Revenue from the sale of data licenses in the ordinary course is measured at the fair value of the consideration received or receivable.

Subscriptions

Revenue from data sold on a subscription basis is recognized straight-line over the term of the agreement.

Fixed-price Contracts

Revenue from fixed-price contracts is recognized using the percentage-of-completion method, based on the ratio of costs incurred to estimated final contract costs. The use of the percentage of completion method 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.

Multiple Component Arrangements

When a single sales transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied separately to identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole.

Data Library (NEXTMap)

The Company maintains a data library, which results from the acquisition and processing of digital map data. Ownership rights to this data are retained by the Company and the data is licensed to customers. Historically, the direct costs of acquiring and processing the data were capitalized as an investment in the data library when it could be shown that such costs create material future value to the Company. Capitalized costs included direct overhead associated with the acquisition and processing of the data and the depreciation of the property and equipment used in the production of the data.

Data library capitalized costs were amortized on a straight-line basis over five years.

The carrying value of the data library is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has determined that the original NEXTMap USA and NEXTMap Europe datasets represent separate cash generating units for impairment testing purposes. An impairment review was performed to determine if the carrying value of the NEXTMap USA and NEXTMap Europe dataset assets were recoverable. The Company determined that the recoverable amount of the datasets was insufficient to recover the carrying value of the assets, resulting in a pre-tax impairment of $9.2 million (see "NEXTMap").

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:

Impairment of Data Library

In order to determine if the carrying value of the NEXTMap USA and NEXTMap Europe dataset assets are recoverable, management is required to estimate future net cash flow for the CGUs to determine the value in use of the assets.

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.

Amounts receivable

The Company uses historical trends and performs specific account assessments when determining the allowance for doubtful accounts. These accounting estimates are in respect to the amounts receivable line item in the Company's consolidated balance sheet. At December 31, 2013, amounts receivable represented 50% of total assets.

The estimate of the Company's allowance for doubtful accounts could change from period to period due to the allowance being a function of the balance and composition of amounts receivable.

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.

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.

Revenue

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

FUTURE CHANGES IN ACCOUNTING POLICIES

Financial Instruments

The International Accounting Standards Board (IASB) issued IFRS 9, Financial Instruments, which replaces International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement, and establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The IASB has not yet communicated the mandatory effective date of the IFRS 9. The Company does not intend to adopt IFRS 9 at this time, but continues to monitor the individual phases of this IASB project. The extent of the impact of adoption of IFRS 9 has not yet been determined.

Financial Instruments: Presentation

The IASB amended IAS 32, Financial Instruments: Presentation to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Company does not expect the amendment to have a material impact on the Consolidated Financial Statements.

Annual Improvements

In December 2013, the IASB published annual Improvements to IFRS. These amendments were made to clarify the following in their respective standards:

- Definition of "vesting condition" in IFRS 2, Share-based payment;
- Classification and measurement of contingent consideration; and scope exclusion for the formation of joint arrangements in IFRS 3, Business Combinations;
- Disclosures on the aggregation of operating segments in IFRS 8, Operating segments;
- Measurement of short-term receivables and payables; and scope of portfolio exception in IFRS 13, Fair Value Measurement;
- Restatement of accumulated depreciation (amortization) on revaluation in IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets;
- Definition of "related party" in IAS 24, Related Party Disclosures; and
- Inter-relationship of IFRS 3 and IAS 40 in IAS 40, Investment Property.

Special transitional requirements have been set for amendments to IFRS 2, IAS 16, IAS 38 and IAS 40.

The Company intends to adopt these amendments in its Consolidated Financial Statements for the annual period beginning January 1, 2014. The Company does not expect the amendments to have a material impact on the Consolidated Financial Statements.

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 12, 2014, 92,139,499 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of March 12, 2014, potential dilutive securities include (i) 6,019,470 outstanding share options in the Company's share option plan with a weighted average exercise price of C$0.52; and (ii) 22,141,572 warrants outstanding with a weighted average exercise price of C$0.47 and each warrant entitles the holder to purchase one Class A common share.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to Management as appropriate to allow timely decisions regarding required disclosure. Pursuant to Multilateral Instrument 52-109, the Chief Executive

Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the disclosure controls and procedures as at December 31, 2013, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company.

Internal Control Risks

Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, reviewed and evaluated the design and operating effectiveness of the internal controls over financial reporting (as defined by Multilateral Instrument 52-109) and concluded that sufficient controls exist at December 31, 2013, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of internal controls over financial reporting that occurred during the year ended December 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

The Company cannot be certain that cash generated from its operations will be sufficient to satisfy its liquidity requirements and it may need to raise capital by selling additional equity and or by securing credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. 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.

The Company currently has no commitments for additional working capital funding and therefore its ability to meet any unexpected liquidity needs is uncertain. If additional funds are raised through the issuance of equity securities, the Company's shareholders may experience significant dilution. Furthermore, if additional financing is not available when required, or is not available on acceptable terms, the Company may be unable to develop or market its products, take advantage of business opportunities, or may be required to significantly curtail its business operations.

The Company is uncertain what impact the current volatility in worldwide credit and equity markets may have on its ability to obtain future financing. In the past several years, there has been unprecedented turmoil in equity and credit markets. Because of the severity of these market events and because the markets currently remain volatile, the Company cannot predict what effect these events will have on its ability to obtain financing in the future, if required.

Revenue Fluctuations

Intermap's revenue has fluctuated over the years. Mapping services projects, the purchase of archived data, and the purchase of geospatial solutions by the Company's customers are all scheduled according to customer requirements and the timing of regulatory and / or budgetary decisions. The commencement or completion of mapping 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.

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 2013, the Company had two key customers that accounted for 74% of total revenue. In 2012, the Company had three key customers that accounted for 66% of total revenue. 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 in a repositioning phase in its markets. This repositioning, coupled with the development of new product lines, Web services, and developing software applications, requires the retention of executive talent. The Company will continue to invest in training and leadership development in response to the changes within the Company 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.

New Competing Technologies

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. However, the Company believes that the technology to perform 3D radar imaging from space at 1-meter resolution with postings every 5 meters is considered to be two or more years away, and may never be achievable. In any event, 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 announcement of material contract(s), (iii) the low daily trading volume of the Company's stock, (iv) announcement of technological innovations or new products by the Company or its competitors, (v) competition, including pricing pressures and the potential impact of competitors products on sales, (vi) changing conditions in the digital mapping and related industries, (vii) unexpected production difficulties, (viii) changes in financial estimates or recommendations by stock market analysts regarding Intermap or its competitors, (ix) announcements by Intermap or its competitors of acquisitions, strategic partnerships, or joint ventures, (x) additions or departures of senior management, and (xi) changes in economic or political conditions.

Additionally, in recent years, the stock market in general and shares of technology companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of these technology companies. These broad market and industry fluctuations may harm the market price of Intermap's common stock, regardless of its operating results.

Loss of Proprietary Information

Intermap does not currently hold patents on the technology used in its operations and relies principally 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.

Information Technology Security

The Company has accumulated a significant amount of data that is part of the NEXTMap database. 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.

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 airborne 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.

Political Instability

Intermap understands that not every region enjoys the political stability that is taken for granted in North America. Developments in recent years in the Middle East and Asia illustrate this clearly. 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 is a requirement in the collection of the Company's radar 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.

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Management's Report

The accompanying financial statements of Intermap Technologies Corporation and all the information in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, using best estimates and judgements, where appropriate. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

Management maintains appropriate systems of internal control that provide reasonable assurance that assets are adequately safeguarded and that the financial reports are sufficiently well-maintained for the timely preparation of the consolidated financial statements.

The Audit Committee members, all of whom are non-management directors, are appointed by the Board of Directors. The Committee has reviewed these statements with the Auditors and management. The Board of Directors has approved the financial statements of the Company, which are contained in this report.

(Signed) Todd Oseth

Todd A. Oseth
President and Chief Executive Officer

(Signed) Richard L. Mohr

Richard L. Mohr
Senior Vice President and Chief Financial Officer

Independent Auditors' Report to the Shareholders

To the Shareholders of Intermap Technologies Corporation,

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) in the consolidated financial statements which indicates that Intermap Technologies Corporation incurred a net loss of $14,907,000 for the year and as at December 31, 2013 had a deficit of $201,105,000. These conditions, along with other matters as set forth in Note 2(a) in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Intermap Technologies Corporation's ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 12, 2014
Ottawa, Canada

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(In thousands of United States dollars)

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	**$ 2,420**	$ 2,055
Amounts receivable	**6,434**	5,735
Unbilled revenue	**151**	2,709
Work in process	**33**	10
Prepaid expenses	**407**	625
	9,445	11,134
Property and equipment (Note 5)	**3,378**	3,703
Data library (Note 6)	**-**	13,829
Intangible assets	**116**	235
	$ 12,939	$ 28,901
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	**$ 3,953**	$ 4,747
Convertible note (Note 11(b))	**-**	2,357
Current portion of notes payable (Note 8)	**1,188**	892
Current portion of deferred lease inducements	**188**	97
Unearned revenue and deposits	**110**	145
Income taxes payable	**12**	10
Obligations under finance leases (Note 9)	**115**	262
Provisions	**-**	720
	5,566	9,230
Long-term notes payable (Note 8)	**-**	923
Deferred lease inducements	**202**	390
Obligations under finance leases (Note 9)	**192**	-
	5,960	10,543
Shareholders' equity:		
Share capital (Note 11(b))	**197,376**	194,144
Accumulated other comprehensive income	**37**	58
Contributed surplus (Note 11(c))	**10,671**	10,354
Deficit	**(201,105)**	(186,198)
	6,979	18,358
Going concern (Note 2(a))		
Commitments (Note 13)		
Subsequent event (Note 17)		
	$ 12,939	$ 28,901

See accompanying notes to consolidated financial statements.

On behalf of the Board:

(Signed) Larry G. Garberding

Larry G. Garberding
Director

(Signed) Donald R. Gardner

Donald R. Gardner
Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of United States dollars, except per share information)

For the years ended December 31,		2013		2012
Revenue:				
Contract services	$	**19,076**	$	11,902
Data licenses		**5,366**		15,851
		24,442		27,753
Expenses:				
Operating costs (Note 10)		**23,097**		23,393
Depreciation of property and equipment		**1,421**		1,851
Amortization of data library		**4,610**		4,610
Impairment of data library (Note 6)		**9,219**		-
Amortization of intangible assets		**119**		168
		38,466		30,022
Operating loss		**(14,024)**		(2,269)
Gain on disposal of equipment		**163**		34
Financing costs (Note 10)		**(512)**		(523)
Loss on foreign currency translation		**(506)**		(233)
Loss before income taxes		**(14,879)**		(2,991)
Income tax (expense) recovery:				
Current		**(28)**		20
Deferred		**-**		45
		(28)		65
Net loss for the period	$	**(14,907)**	$	(2,926)
Other comprehensive income (loss):				
Foreign currency translation differences		**(21)**		12
Comprehensive loss for the period	$	**(14,928)**	$	(2,914)
Basic and diluted loss per share	$	**(0.18)**	$	(0.04)
Weighted average number of Class A common shares - basic and diluted (Note 11(d))		**84,566,288**		78,700,809

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of United States dollars)

	Share Capital	Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
Balance at January 1, 2012	$ 193,992	$ 9,663	$ 46	$ (183,272)	$ 20,429
Comprehensive profit (loss) for the period	-	-	12	(2,926)	(2,914)
Share-based compensation	138	592	-	-	730
Warrant component of convertible note	19	-	-	-	19
Conversion option of convertible note	-	136	-	-	136
Issuance costs	(1)	(4)	-	-	(5)
Deferred tax effect of convertible note	(4)	(33)	-	-	(37)
Balance at December 31, 2012	$ 194,144	$ 10,354	$ 58	$ (186,198)	$ 18,358
Comprehensive loss for the period	-	-	(21)	(14,907)	(14,928)
Share-based compensation	81	449	-	-	530
Convertible note conversion	3,025	-	-	-	3,025
Conversion option of convertible note	136	(136)	-	-	-
Issuance costs	(10)	4	-	-	(6)
Balance at December 31, 2013	$ 197,376	$ 10,671	$ 37	$ (201,105)	$ 6,979

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of United States dollars)

For the Years Ended December 31,	**2013**	2012
Cash flows provided by:		
Operating activities:		
Net loss for the period	**$ (14,907)**	$ (2,926)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**1,421**	1,851
Amortization of data library	**4,610**	4,610
Impairment of data library	**9,219**	-
Amortization of intangible assets	**119**	168
Share-based compensation expense	**530**	673
Gain on disposal of equipment	**(163)**	(34)
Amortization of deferred lease inducements	**(97)**	74
Extinguishment of facility closure provision	**(720)**	-
Deferred taxes	**-**	(46)
Financing costs	**512**	523
Current income tax expense	**28**	(19)
Interest paid	**(72)**	(131)
Income tax paid	**(60)**	(107)
Changes in working capital, net of investing activities:		
Amounts receivable, net	**(699)**	(223)
Work in process and other assets	**2,755**	(1,837)
Accounts payable	**(114)**	13
Accrued liabilities	**(401)**	(880)
Unearned revenue and deposits	**(35)**	(1,399)
Gain on foreign currency translation	**(12)**	(44)
	1,914	266
Investing activities:		
Purchase of property and equipment	**(780)**	(288)
Investment in intangible assets	**-**	(113)
Proceeds from sale of equipment	**162**	41
	(618)	(360)
Financing activities:		
Proceeds from issuance of convertible note	**-**	2,500
Financing costs of convertible note	**-**	(70)
Issuance costs of convertible note and shares issued upon conversion	**(6)**	(5)
Proceeds from reimbursable project funding	**-**	151
Repayment of obligations under finance lease	**(271)**	(323)
Repayment of long-term debt and notes payable	**(636)**	(712)
	(913)	1,541
Effect of foreign exchange on cash	**(18)**	11
Increase in cash and cash equivalents	**365**	1,458
Cash and cash equivalents, beginning of period	**2,055**	597
Cash and cash equivalents, end of period	**$ 2,420**	$ 2,055

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(In thousands of United States dollars, except per share information)

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 Suite 1600, 421 – 7th Avenue, Calgary, Alberta, Canada, T2P 4K9.

Intermap is a global location-based information company, creating a wide variety of geospatial solutions and analytics from its NEXTMap® database. The Company uses its NEXTMap 3D digital models, together with aggregated third party data, to create geospatial solutions for its customers. These geospatial solutions can be used in a wide range of applications including, but not limited to, location-based information, geographic information systems, engineering, utilities, global positioning systems maps, geospatial risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization.

2. Basis of preparation:

a. Going concern:

These 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 be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the year ended December 31, 2013, the Company incurred a net loss of $14,907. In addition, the Company has a deficit of $201,105.

The above factors in the aggregate raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including a shift in organizational wide focus from the historical approach of licensing raw data, to providing complete geospatial solutions with a focus on software applications. In addition, the Company has recently obtained additional financing (Note 17) to help further the development of new product offerings. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing, if required. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations.

The Company cannot be certain that cash generated from its operations will be sufficient to satisfy its liquidity requirements, and it may need to continue to raise capital by selling additional equity and / or by securing credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. 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.

The 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 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 consolidated financial statements have been prepared in accordance with International Financial Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies are summarized in Note 3.

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of March 12, 2014, the date the Board of Directors approved the consolidated financial statements.

c. Measurement basis:

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

d. 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.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 3(g) – leases, Note 3(k) – Impairment, Note 6 – Data library.

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:

Impairment of Data Library: Note 6

i. 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.

ii. Amounts receivable:

The Company uses historical trends and performs specific account assessments when determining the allowance for doubtful accounts. These accounting estimates are in respect to the amounts receivable line item in the Company's consolidated balance sheet. At December 31, 2013, amounts receivable represented 50% of total assets.

The estimate of the Company's allowance for doubtful accounts could change from period to period due to the allowance being a function of the balance and composition of amounts receivable.

iii. 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.

iv. 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. (see Note 3(h)).

v. **Revenue:**

Changes to the assumptions used to measure revenue could impact the amount of revenue recognized in the consolidated financial statements. (see Note 3(l)).

e. Functional and presentation currency:

These consolidated financial statements are presented in United States dollars, which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand.

f. Foreign currency translation:

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in net loss for the period.

Assets and liabilities of entities with functional currencies other than United States dollars are translated at the period end rates of exchange, and the results of their operations are translated at exchange rates prevailing at the dates of transactions. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity.

3. Summary of significant accounting policies:

a. Consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Intermap Technologies Inc. and Intermap Federal Services Inc. (both U.S. corporations); Intermap Technologies GmbH (a German corporation); Intermap Technologies UK Limited (a U.K. corporation); Intermap Technologies PTY Ltd (an Australian corporation); Intermap Technologies s.r.o. (a Czech Republic corporation); and a 90% owned subsidiary, PT ExsaMap Asia (an Indonesian corporation).

Inter-company balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of all subsidiaries are consistent with the Company's policies.

b. Cash and cash equivalents:

Cash and cash equivalents include unrestricted cash balances and highly liquid marketable securities with maturity at the date of purchase of 30 days or less.

c. Work in process:

Work in process is measured at the lower of cost or net realizable value. When work in process is sold, the carrying amount of the work in process is recognized as an expense in the period in which the related revenue is recognized. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completing and selling expenses. The amount of any write-down of work in process to net realizable value is recognized as an expense in the period in which the write-down or loss occurs.

d. Property and equipment:

Property and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of aircraft overhauls are capitalized and depreciated over the period until the next overhaul. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items. Depreciation is calculated over the depreciable amount which is the cost of an asset, less its residual value. Depreciation is provided on the straight-line basis over the following useful lives of the assets:

Assets	Years
Aircraft	10
Aircraft engines	7
Mapping equipment and software	3
Radar equipment	5
Furniture and fixtures	5
Leasehold improvements	Shorter of useful life or term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

Assets under construction are not depreciated until available for use by the Company. Expenditures for maintenance and repairs are expensed when incurred.

The cost of replacing an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net of costs associated with the disposal within other income in net loss for the period.

e. Data library:

The Company maintains an extensive world-wide data library, which results from the acquisition and processing of IFSAR-derived data and third-party data collected by multiple sensor technologies, including light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources. The NEXTMap database also includes information such as 3D city models, census data, real-time traffic, outdoor advertising assets, weather related hazards, points of interest, cellular towers, and flood models. In general, all ownership rights to this data are retained by the Company, and the data is licensed to customers on a non-transferable basis. All related expenditures are expensed as incurred.

The data library amounts shown on the Company's consolidated balance sheet included only elevation related data and imagery from the Company's original NEXTMap USA and NEXTMap Europe radar mapping programs. Historically, the Company had capitalized costs associated with its NEXTMap USA and NEXTMap Europe datasets. Capitalized costs included direct costs of acquiring and processing the digital map data, direct overhead associated with the acquisition and processing of the data and depreciation of the property and equipment used in the production of the data. Data library capitalized costs were amortized on a straight-line basis over five years. The data library capitalized costs were reviewed for impairment during the year (Notes 3(k) and 6).

f. Intangible assets:

Identifiable intangible assets represent assets acquired in a business combination, and internally developed assets. Upon acquisition, identifiable intangible assets are recorded at fair value and are carried at cost less accumulated amortization. These intangible assets held by the Company are amortized on a straight-line basis, based on the estimated useful life of the asset.

The intangible assets acquired in a business combination represent technology, customer relationships and contracts and are amortized over a period of five years.

The intangible assets internally developed represent Web site development costs, which are amortized over a period of three years. The amortization method, estimate of the useful life, and residual values of intangible assets are reviewed annually.

g. Leases:

Leases are classified as either finance or operating in nature. Management exercises judgment to determine whether substantially all the risks and rewards incidental to ownership have been transferred to the Company.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease (net of any incentives received from the lessor) are recognized in net loss on a straight-line basis over the period of the lease.

Finance leases are those that substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under finance leases are measured at the lower of the present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Obligations recorded under finance leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to finance costs.

h. Provisions:

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

i. Restructuring:

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

ii. Onerous Contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

i. Deferred lease inducements:

Deferred lease inducements represent the unamortized cost of lease inducements on certain of the Company's leased commercial office space. Amortization is provided on the straight-line basis over the term of the lease and recognized as a reduction in rent expense.

j. Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k. Impairment:

The carrying values of all property and equipment, data library and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

Management exercises judgement to determine whether there are factors that would indicate that an asset or a CGU is impaired. The determination of CGUs is also based on management's judgement and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how management monitors and makes decisions about the Company's operations.

An impairment loss is recorded when the recoverable amount of an asset or its CGU is less than its carrying amounts. Impairment losses are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

l. Revenue recognition:

Revenue is recognized when (i) persuasive evidence of an arrangement exists; (ii) the significant risks and rewards of ownership have been transferred to the buyer; (iii) the amount of revenue can be measured reliably; and (iv) costs incurred or to be incurred can be measured reliably. Billings in excess of revenue are recorded as unearned revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

i. Goods Sold:

Revenue from the sale of data in the ordinary course is measured at the fair value of the consideration received or receivable.

ii. Subscriptions:

Revenue from data sold on a subscription basis is recognized straight-line over the term of the agreement.

iii. Fixed-price Contracts:

Revenue from fixed-price contracts is recognized using the percentage-of-completion method, based on the ratio of costs incurred to estimated final costs. The use of the percentage of completion method requires estimates to determine the cost to complete each contract. The stage of completion is determined by costs incurred and labor hours worked in comparison to total expected costs and hours. 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.

iv. Multiple Component Arrangements:

When a single sales transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied separately to identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to that customer. The consideration is allocated to deliverables based on their relative fair values. The fair value of each component is determined using vendor specific objective evidence, third party evidence of selling price, or estimated selling price.

m. Research and development:

Research costs are expensed as incurred. Development costs are expensed in the year incurred unless management believes a development project meets the specified criteria for deferral and amortization.

n. Share-based compensation:

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the company.

o. Earnings per share:

The basic earnings per share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share, except the weighted average number of common shares outstanding are increased to include additional shares from the assumed exercise of share options and warrants, if dilutive.

p. Financial instruments:

i. Non-derivative financial assets:

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

The Company has loans and receivables and other liabilities.

ii. Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

iii. Other liabilities:

The Company initially recognizes debt liabilities on the date that they are originated. All other financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The following is a summary of the classification the Company has applied to each of its significant categories of financial instruments outstanding:

Financial instrument:	Classification:
Cash and cash equivalents	Loans and receivables
Amounts receivable	Loans and receivables
Unbilled revenue	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Obligations under finance leases	Other liabilities
Convertible note	Other liabilities
Notes payable	Other liabilities

iv. Share capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

v. Compound financial instruments:

Compound financial instruments issued by the Company comprise convertible notes denominated in United States dollars that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

q. Segments:

The operations of the Company are in one industry segment: digital mapping and related services.

4. New 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, 2013.

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interest in Other Entities
- IAS 1, Presentation of Items of Other Comprehensive Income

The adoption of the above standards did not result in any material changes to the consolidated financial statements.

On January 1, 2013, the Company adopted IFRS 13, Fair Value Measurement, which provides a single source of guidance on how fair value is measured, replacing the fair value measurement guidance contained in individual IFRSs. The standard defines fair value and establishes a framework for measuring fair value.

It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. Disclosures required under IFRS 13 for consolidated financial statements have been included in Note 15.

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (IAS 36) - The Company has decided to adopt early the amendment to IAS 36. In May 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). The IASB has issued amendments to reverse the unintended requirement in IFRS 13, Fair Value Measurement, to disclose the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments impact certain disclosure requirements only, and the amendments did not have a material impact on the Consolidated Financial Statements.

a. Future pronouncements:

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 subsequent to the current reporting period.

- IFRS 9, Financial Instruments (IFRS 9) – The IASB issued IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, and establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's hedge accounting standard which will align hedge accounting more closely with risk management. It does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The IASB has not yet communicated the mandatory effective date of the IFRS 9. The Company does not intend to adopt IFRS 9 at this time, but continues to monitor the individual phases of this IASB project. The extent of the impact of adoption of IFRS 9 has not yet been determined.
- IAS 32, Financial Instruments: Presentation (IAS 32) – In December 2011, the IASB amended IAS 32 to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. The Company does not expect the amendment to have a material impact on the Consolidated Financial Statements.
- IFRIC 21, Levies – In May 2013, the IASB issued IFRIC 21, Levies which provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts of other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. This IFRIC is effective for annual periods beginning on or after January 1, 2014 and is required to be applied retrospectively. The Company does not expect the amendment to have a material impact on the Consolidated Financial Statements.

In December 2013, the IASB published annual Improvements to IFRS. These amendments were made to clarify the following in their respective standards:

- Definition of "vesting condition" in IFRS 2, Share-based payment;
- Classification and measurement of contingent consideration; and scope exclusion for the formation of joint arrangements in IFRS 3, Business Combinations;

- Disclosures on the aggregation of operating segments in IFRS 8, Operating segments;
- Measurement of short-term receivables and payables; and scope of portfolio exception in IFRS 13, Fair Value Measurement;
- Restatement of accumulated depreciation (amortization) on revaluation in IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets;
- Definition of "related party" in IAS 24, Related Party Disclosures; and
- Inter-relationship of IFRS 3 and IAS 40 in IAS 40, Investment Property.

Special transitional requirements have been set for amendments to IFRS 2, IAS 16, IAS 38 and IAS 40.

The Company intends to adopt these amendments in its Consolidated Financial Statements for the annual period beginning January 1, 2014. The Company does not expect the amendments to have a material impact on the Consolidated Financial Statements.

5. Property and equipment:

Property and equipment	Aircraft	Mapping equipment	Furniture, fixtures & auto	Leases	Under construction	Total
Balance at January 1, 2012	$ 2,968	$ 1,984	$ 31	$ 290	$ -	$ 5,273
Additions	217	51	-	-	20	288
Disposals	-	-	(7)	-	-	(7)
Depreciation	(568)	(1,162)	(18)	(103)	-	(1,851)
Balance at December 31, 2012	2,617	873	6	187	20	3,703
Additions	39	384	-	26	331	780
Finance Lease	-	316	-	-	-	316
Depreciation	(650)	(654)	(6)	(111)	-	(1,421)
Transfer from under construction	95	256	-	-	(351)	-
Balance at December 31, 2013	$ 2,101	$ 1,175	$ -	$ 102	$ -	$ 3,378

The gross amount of property and equipment at December 31, 2013 was $40,696 (December 31, 2012 – $40,669). The accumulated depreciation at December 31, 2013 was $37,318 (December 31, 2012 – $36,966). During the year ended December 31, 2013, the Company disposed of fully depreciated assets of $1,069, and recognized a gain of $163 on the sale of the assets.

6. Data library:

Data library	
Balance at January 1, 2012	$ 18,439
Amortization	(4,610)
Balance at December 31, 2012	13,829
Amortization	(4,610)
Impairment	(9,219)
Balance at December 31, 2013	$ -

In December 2013, a strategic review of the Company's organizational structure and approach to selling the data library assets was undertaken by executive management of the Company. Upon completion of that review, it was determined that the historical approach of licensing raw data was no longer a priority for the Company as the focus in future periods will be primarily on the licensing of Orion™ based 3DBI software applications. As a result, an impairment review was performed to determine if the carrying value of the NEXTMap USA and NEXTMap Europe assets, being the only datasets capitalized to the data library asset, were recoverable.

The Company reviewed its cash-generating units which represent the smallest group of assets that generate cash in-flows from continuing use that are largely independent of the cash flows of other assets. The Company determined the cash-generating units to be the NEXTMap Europe dataset, NEXTMap USA dataset, NEXTMap Asia, the software applications associated with the Orion Platform and contract services. NEXTMap USA and NEXTMap Europe were also determined to be individual cash generating units at the time the last impairment test was performed as at December 31, 2010. There is significant judgement involved in the determination of CGUs and the assessment of indicators of impairment.

The recoverable amount of the NEXTMap USA and NEXTMap Europe datasets was determined using the value in use of each of the cash-generating units. Value in use was determined by discounting the future cash flows generated from continuing use of the unit. The calculation of value in use was based on the following key assumptions for all units:

- Cash flows were projected based on past experience, actual operating results, and the business plans of the Company for NEXTMap raw data sales.
- Cash flows were projected for the two years remaining in the minimum expected useful life of the capitalized NEXTMap assets.
- The revenues were based on historical experience and management expectations.
- Costs have been estimated based on the Company's strategic plans and estimated effort involved in achieving the forecasted revenues.
- The cash flows were discounted at a risk-free rate which was determined to be commensurate with the risk associated with the value in use expected cash flows analysis. A pre-tax discount rate of 9% was applied in determining the previous estimate of value in use of the NEXTMap USA and NEXTMap Europe datasets, which was done as part of the impairment analysis conducted as at December 31, 2010.

The values assigned to the key assumptions represent management's assessment of expected future trends in the business, and are based on external and internal sources. Developing the estimated value in use is subject to a significant degree of estimation uncertainty and the judgement of management.

The Company determined that the future estimated cash flows of the NEXTMap USA and NEXTMap Europe datasets were insufficient to recover the carrying value of the assets, resulting in a pre-tax asset impairment charge of $9,219. The impairment loss is included in impairment of data library on the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

The gross amount of the data library at December 31, 2013, and December 31, 2012, was $120,330. Asset impairment charges of $55,362 and $9,219 were recorded in 2010 and 2013, respectively. The accumulated amortization at December 31, 2013, was $55,749 (December 31, 2012 - $51,139).

7. Accounts payable and accrued liabilities:

		December 31, 2013		December 31, 2012
Accounts payable	$	1,997	$	2,152
Accrued liablities		1,936		2,572
Other taxes payable		20		23
	$	3,953	$	4,747

8. Notes payable:

Notes payable includes a promissory note with a service provider. The note bears interest at 5% per annum and is secured by a lien on an aircraft owned by the Company. The repayment terms of the note payable are thirty-six months ending November 2014.

Additionally, the notes payable 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 development and the first sale of any developed product(s). Repayment is to be made in quarterly installments equal to 25% of the prior quarter sales.

		December 31, 2013		December 31, 2012
Promissory note payable	**$**	**1,120**	$	1,664
Reimbursable project funding		**68**		151
		1,188		1,815
Less current portion		**(1,188)**		(892)
	$	**-**	$	923

9. Finance lease liabilities:

Finance lease liabilities are payable as follows:

	December 31, 2013			December 31, 2012		
	Future minimum lease payments	**Interest (1)**	**Present value of minimum lease payments**	Future minimum lease payments	Interest (2)	Present value of minimum lease payments
Less than one year (current portion)	**$ 142**	**$ 27**	**$ 115**	$ 276	$ 14	$ 262
Between one and five years (long-term portion)	**212**	**20**	**192**	-	-	-
	$ 354	**$ 47**	**$ 307**	$ 276	$ 14	$ 262

(1) Interest rate of 8.20%.
(2) Interest rate of 12.93%.

In December 2013, the Company entered into a finance lease to purchase $382 of data storage equipment and software (mapping equipment). The lease bears interest at an implicit rate of 8.20% and is secured by the underlying assets. The lease matures in June 2016.

In September 2011, the Company entered into a finance lease to purchase $614 of data storage equipment and software. The lease bears interest at an implicit rate of 12.93% and was secured by the underlying assets. The lease matured in September 2013.

10. Operating and finance costs:

Details of operating costs are as follows:

For the twelve months ended December 31,		2013		2012
Personnel	$	**12,430**	$	12,936
Purchased services & materials (1)		**7,784**		7,358
Travel		**1,577**		1,152
Facilities and other expenses (2)		**1,306**		1,947
	$	**23,097**	$	23,393

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

(2) Includes a facility closure provision reversal of $678 during the twelve months ended December 31, 2013 and $90 during the twelve months ended December 31, 2012.

Details of finance costs are as follows:

Year ended December 31,		2013		2012
Convertible note	$	**400**	$	349
Notes payable		**64**		85
Finance lease		**48**		66
Long-term debt		**-**		23
	$	**512**	$	523

11. Share capital:

a. Authorized:

The authorized share capital of the Company consists of an unlimited number of Class A common shares and an unlimited number of Class A participating preferred shares. There are no Class A participating preferred shares outstanding.

b. Issued:

	December 31, 2013			December 31, 2012		
Class A common shares	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period:						
Unrestricted shares	**78,887,915**	$	**194,144**	78,405,534	$	193,992
Restricted shares held in escrow	**526,098**		**-**	582,700		-
Share-based compensation	**210,010**		**81**	482,381		138
Restricted shares issued into (released from) escrow	**-**		**-**	(56,602)		-
Issuance of common shares for conversion of convertible note	**12,515,476**		**3,157**	-		-
Warrant component of convertible note	**-**		**-**	-		19
Convertible note issuance costs	**-**		**-**	-		(1)
Deferred tax effect of convertible note	**-**		**-**	-		(4)
Securities issuance costs	**-**		**(6)**	-		-
Balance, end of period:	**92,139,499**	$	**197,376**	79,414,013	$	194,144
Components of issued shares:						
Unrestricted shares	**91,613,401**	$	**197,376**	78,887,915	$	194,144
Restricted shares held in escrow	**526,098**		**-**	526,098		-
	92,139,499	$	**197,376**	79,414,013	$	194,144

On August 28, 2013, 5,000,000 Class A common shares were issued upon conversion to the holder of a convertible promissory note. The value attributed to the conversion was $1,261 and includes the accrued interest of $209 attributable to the principal balance converted of $999, and $53 for the proportionate share of the conversion option of the convertible note originally classified in contributed surplus (see Note 11(c)).

On June 27, 2013, 7,515,476 Class A common shares were issued upon conversion to the holder of a convertible promissory note. The value attributed to the conversion was $1,896 and includes the accrued interest of $316 attributable to the principal balance converted of $1,501, and $79 for the proportionate share of the conversion option of the convertible note originally classified in contributed surplus (see Note 11(c)).

On June 13, 2013, 210,010 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $81 for these Class A common shares is included in operating costs (see Note 11(e)).

On June 26, 2012, the Company received proceeds from a convertible promissory note. The value attributable to the warrants and included in share capital at inception of the note was $14, net of issuance costs of $1 and future tax benefit of $4.

On June 25, 2012, 349,680 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $81 for these Class A common shares is included in operating costs (see Note 11(e)).

On March 28, 2012, 61,005 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $27 for these Class A common shares is included in operating costs (see Note 11(e)).

On January 17, 2012, 71,696 Class A common shares, of which 56,602 were released from escrow, were issued to employees of the Company as compensation for services. Compensation expense of $30 for these Class A common shares is included in operating costs (see Note 11(f)).

c. **Contributed surplus:**

		December 31, 2013		December 31, 2012
Balance, beginning of period	**$**	**10,354**	$	9,663
Share-based compensation		**449**		592
Conversion option of convertible note		**(136)**		136
Issuance costs of convertible note		**4**		(4)
Deferred tax effect of convertible note		**-**		(33)
Balance, end of period	**$**	**10,671**	$	10,354

d. **Earnings (loss) per share:**

The calculation of earnings (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 considered to be anti-dilutive and are therefore not included in the calculation.

The underlying Class A common shares pertaining to 6,287,320 outstanding share options and 19,050,000 outstanding warrants could potentially dilute earnings.

e. **Director's share compensation plan:**

The Company has a director's share compensation plan which originally allowed for the issuance of up to 400,000 shares of the Company's Class A common shares to non-employee directors of the Company as part of their annual compensation and was amended in 2011 to 1,400,000 shares. At the Annual General and Special Meeting of the Shareholders on August 9, 2012, an amendment to the share compensation plan was approved to increase the maximum number of Class A common shares of the Corporation issuable thereunder from 1,400,000 to 2,400,000. As of December 31, 2013, 896,403

Class A common shares remain available under the plan. Compensation expense for issued shares is included in operating costs.

f. Employee share compensation plan:

The Company established an employee share compensation plan to compensate employees for services performed. The plan was approved by the shareholders of the Company at the Annual General Meeting on May 12, 2009. The plan originally allowed for the issuance of up to 1,500,000 shares of the Company's Class A common shares to employees. At the Annual General and Special Meeting of the Shareholders on August 3, 2011, an amendment to the share compensation plan was approved to increase the maximum number of Class A common shares of the Corporation issuable thereunder from 1,500,000 to 4,000,000. As of December 31, 2013, 2,794,812 Class A common shares remain available for issuance under the plan. Compensation expense for issued shares is included in operating costs.

g. 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 permits the granting of options to purchase up to 10% of the outstanding Class A common shares of the Company. As of December 31, 2013, 9,213,950 Class A common shares were authorized under the plan, of which 6,287,320 share options are issued and outstanding and 2,926,630 options remain available for future issuance. Under the plan, no one individual shall be granted an option resulting in cumulative grants in excess of 5% of the issued and outstanding Class A common shares of the Company. In addition, the exercise price of each option shall not be less than the market price of the Company's Class A common shares on the date of grant. The options are exercisable for a period of not greater than six years, and generally vest over a period of one to four years. Options granted to directors generally vest on the date of the grant and expire on the fifth anniversary of the date of such grant.

The following table summarizes information regarding share options outstanding:

	December 31, 2013			December 31, 2012		
	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	**4,846,320**	**$**	**0.82**	5,489,220	$	1.49
Granted	**1,930,000**		**0.40**	345,000		0.43
Expired	**(373,625)**		**3.18**	(845,550)		5.08
Forfeitures	**(115,375)**		**0.56**	(142,350)		0.50
Options outstanding, end of period	**6,287,320**	**$**	**0.55**	4,846,320	$	0.82
Options exercisable, end of period	**3,850,154**	**$**	**0.62**	2,917,362	$	1.01

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.25	20,000	3.68 years	10,000
0.27	20,000	4.36 years	5,000
0.33	700,000	4.84 years	500,000
0.38	40,000	5.37 years	-
0.43	1,333,440	3.25 years	1,310,640
0.44	1,585,000	4.79 years	325,000
0.46	887,980	3.96 years	458,864
0.48	450,000	3.01 years	225,000
0.50	450,000	2.93 years	337,500
0.66	300,000	2.81 years	187,500
1.49	119,000	0.95 years	119,000
1.60	69,750	2.03 years	59,500
1.84	290,150	1.99 years	290,150
2.98	12,000	0.69 years	12,000
4.16	10,000	0.69 years	10,000
	6,287,320	3.75 years	3,850,154

During the twelve months ended December 31, 2013, 1,930,000 (year ended December 31, 2012 – 345,000) options were granted at a weighted-average fair value of C$0.31 per share (year ended December 31, 2012 – C$0.32), determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: expected dividend yield 0% (year ended December 31, 2012 – 0%), risk-free interest rate ranging from 1.41% to 2.13% (year ended December 31, 2012 – 1.32% to 1.91%), volatilities ranging from 94.6% to 103.0% (year ended December 31, 2012 – 80.43% to 85.9%), and expected lives of five to six years. The estimated forfeiture rate was 5.43% (year ended December 31, 2012 – 5.43%).

h. Share-based compensation expense:

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

		2013		2012
Employees	$	353	$	497
Non-employees		177		176
Non-cash compensation	$	530	$	673

i. Class A common share purchase warrants:

A summary of the status of Class A common share purchase warrants is as follows:

	December 31, 2013	December 31, 2012
Balance, beginning of period	19,050,000	17,375,000
Issued	-	1,700,000
Expired	-	(25,000)
Balance, end of period	19,050,000	19,050,000

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from C$0.31 to C$0.48, with a weighted average exercise price of C$0.46. Of the warrants outstanding at the beginning of the period, 17,350,000 expire on April 28, 2014 and 1,700,000 expire on June 26, 2015.

j. Restricted shares:

In connection with the five year employment agreement dated December 3, 2010, entered into with the Company's CEO, the Company issued 450,000 Class A common shares to him during the quarter ended June 30, 2011, and such shares are held by a third party agent pursuant to an Escrow Agreement. The Escrow Agreement provides that up to 450,000 shares are to be released only upon the achievement of certain market performance conditions based on the operating performance of the Company. The grant date fair value of the restricted shares was $118 and was charged to non-cash compensation expense over the vesting period, which was determined to be 28 months. As of December 31, 2013, the restricted shares remained in escrow.

12. Income Taxes:

a. Current tax (expense) recovery:

December 31		2013		2012
Current period	$	(28)	$	(78)
Adjustment for prior periods		-		98
	$	(28)	$	20

b. Deferred tax recovery:

December 31		2013		2012
Origination and reversal of temporary differences	**$**	**-**	$	45

During 2013, the Company recognized nil (2012 - $37) in deferred tax expense related to the convertible note directly in equity.

c. Reconciliation of effective tax rate:

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial income tax rates to the net loss before taxes as follows:

December 31,		2013		2012
Losses, excluding income tax	**$**	**(14,879)**	$	(2,991)
Tax rate		**25.0%**		25.0%
Expected Canadian income tax recovery	**$**	**3,720**	$	748
Decrease resulting from:				
Change in unrecognized temporary differences		**(5,291)**		(619)
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries		**1,752**		257
Non-deductible expenses and non-taxable income		**(207)**		(128)
Adjustment for prior years income tax matters		**(4)**		(145)
Other		**2**		(48)
	$	**(28)**	$	65

d. Recognized deferred tax assets and liabilities:

Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. Deferred tax assets and liabilities recognized at December 31, 2013 and 2012, are as follows:

	Assets		Liabilities		Net	
December 31,	2013	2012	2013	2012	2013	2012
Property and equipment	**$ -**	$ -	**$ 677**	$ 356	**$ 677**	$ 356
Convertible note	**-**	-	**-**	19	**-**	19
Tax loss carryforwards	**(677)**	(375)			**(677)**	(375)
Tax (assets) liabilities	**$ (677)**	$ (375)	**$ 677**	$ 375	**$ -**	$ -
Set off of tax	**677**	375	**(677)**	(375)	**-**	-
Net tax (assets) liabilities	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -

e. Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following items:

December 31		2013		2012
Deductible temporary differences	**$**	**19,222**	$	64,032
Tax loss carryforwards		**194,237**		135,033
	$	**213,459**	$	199,065

The deferred tax asset is recognized when it is probable that future taxable profit will be available to utilize the benefits. The Company has not recognized deferred tax assets with respect to these items due to the uncertainty of future Company earnings.

i. **Loss carry forwards:**

At December 31, 2013 approximately $196,018 of loss carry forwards and $1,967 of tax credits were available in various jurisdictions. A summary of losses by year of expiry are as follows:

Twelve months ended December 31,	
2014	1,614
2015	2,816
2018	3,135
2020-2033	188,453
	$ 196,018

f. **Movement in deferred tax balances during the year:**

	Balance at December 31, 2012	Recognized in Profit and Loss	Recognized in Equity	Balance at December 31, 2013
Property and equipment	$ 356	$ 321	$ -	**$ 677**
Convertible note	19	(19)	-	**-**
Tax loss carryforwards	(375)	(302)	-	**(677)**
Net tax (assets) liabilities	$ -	$ -	$ -	**$ -**

13. Commitments:

The Company has commitments related to operating leases for office space and equipment which require the following payments for each year ending December 31:

2014	$ 917
2015	546
2016	370
	$ 1,833

During the twelve months ended December 31, 2013, the Company recognized $413 (December 31, 2012 - $976) in operating lease expense for office space, which included a facility closure provision reversal of $678, net of deposits of $42.

14. Segmented information:

The operations of the Company are in one industry segment: digital mapping and related services.

Geographic segments of revenue are as follows:

Year ended December 31,	**Contract Services 2013**	**Data Licenses 2013**	Contract Services 2012	Data Licenses 2012
United States	**$ 5,435**	**$ 1,882**	$ 6,564	$ 1,909
Asia/Pacific	**13,598**	**1,946**	5,338	11,489
Europe	**43**	**1,538**	-	2,453
	$ 19,076	**$ 5,366**	$ 11,902	$ 15,851

Property and equipment of the Company are located as follows:

December 31,	**2013**	2012
Canada	**$ 96**	$ 168
United States	**3,263**	3,447
Asia/Pacific	**9**	83
Europe	**10**	5
	$ 3,378	$ 3,703

The data library was located in the United States; the intangible assets are located in the Czech Republic and the United States.

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

Year ended December 31,		2013		2012
Customer A	$	**13,453**	$	1,119
Customer B		**4,580**		5,993
Customer C		**134**		4,165
Customer D		**-**		8,056
	$	**18,167**	$	19,333

15. 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. This note presents information about the Company's exposure to each of the risks as well as the objectives, policies and processes for measuring and managing those risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of outstanding trade receivables and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Approximately 74 percent of the Company's revenue is attributable to transactions with two key customers (year ended December 31, 2012 - 26 percent of the revenue was attributable to the same two key customers), and approximately 76 percent of the Company's trade amounts receivable at year end are attributable to customers located in Asia/Pacific (December 31, 2012 – approximately 60 percent).

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

A significant portion of the Company's customers have transacted with the Company in the past or are reputable large Companies and losses have occurred infrequently.

The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

i. Trade receivables

Provisions for doubtful accounts are made on a customer-by-customer basis. All write downs against receivables are recorded within sales, general and administrative expense in the statement of operations. The Company is exposed to credit-related losses on sales to customers outside North America due to potentially higher risks of collectability.

Amounts receivable as of December 31, 2013, and December 31, 2012, consist of:

	December 31, 2013	December 31, 2012
Trade amounts receivable	**$ 6,245**	$ 5,487
Employee receivables	**9**	16
Other miscellaneous receivables	**180**	232
	$ 6,434	$ 5,735

Trade amounts receivable by geography consist of:

	December 31, 2013	December 31, 2012
United States	**$ 414**	$ 1,795
Canada	**214**	15
Asia/Pacific	**4,765**	3,286
Europe	**852**	391
	$ 6,245	$ 5,487

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

	December 31, 2013	December 31, 2012
Current	**$ 4,782**	$ 4,253
31-60 days	**88**	870
61-90 days	**104**	130
Over 91 days	**1,271**	234
	$ 6,245	$ 5,487

As of December 31, 2013, $1,375 of trade amounts receivable (year ended December 31, 2012 - $364) were past due. The balance of the past due amounts relate to reoccurring, and historically slow paying customers and are considered collectible.

ii. Investments in securities

The Company manages its credit risk surrounding cash and cash equivalents by dealing solely with what management believes to be reputable banks and financial institutions, and limiting the allocation of excess funds into financial instruments that management believes to be highly liquid, low risk investments. The balance at December 31, 2013, is held in cash at banks within the United States, Canada, Europe, Asia, and Australia to facilitate the payment of operations in those jurisdictions.

b. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

i. Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the Canadian dollar, Euro, British pound, Indonesian rupiah, Czech Republic koruna, Philippines peso and Malaysian ringgit. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the United States dollar, which is the functional currency of the Company and the majority of its subsidiaries.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The balances in foreign currencies at December 31, 2013, are as follows:

(in USD)	Philippines Peso	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Malaysian Ringgit
Cash and cash equivalents	$ -	$ 7	$ 24	$ -	$ 17	$ 15	$ -
Amounts receivable	2,743	144	47	43	4	159	390
Accounts payable and accrued liabilities	-	(413)	(354)	(665)	(189)	(177)	-
	$ 2,743	$ (262)	$ (283)	$ (622)	$ (168)	$ (3)	$ 390

The balances in foreign currencies at December 31, 2012, are as follows:

(in USD)	Philippines Peso	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Malaysian Ringgit
Cash and cash equivalents	$ -	$ 101	$ 39	$ 22	$ 13	$ 307	$ -
Amounts receivable	83	149	167	106	7	197	-
Accounts payable and accrued liabilities	-	(1,368)	(432)	(636)	(191)	(221)	-
	$ 83	$ (1,118)	$ (226)	$ (508)	$ (171)	$ 283	$ -

Based on the net exposures at December 31, 2013 and 2012, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the following currencies would result in an increase / (decrease) in net earnings by the amounts shown below:

December 31, 2013 (in USD)	Philippines Peso	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Malaysian Ringgit
United States dollar:							
Depreciates 10%	$ (274)	$ 26	$ 28	$ 62	$ 17	$ -	$ 39
Appreciates 10%	274	(26)	(28)	(62)	(17)	-	(39)
United States dollar:							
Depreciates 10%	$ (8)	$ 112	$ 23	$ 51	$ 17	$ (28)	$ -
Appreciates 10%	8	(112)	(23)	(51)	(17)	28	-

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents include short-term highly liquid investments that earn interest at market rates. The Company does not have any debt instruments outstanding with variable interest rates at December 31, 2013, or December 31, 2012.

Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No currency hedging relationships have been established for the related monthly interest and principle payments.

The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing capital is to ensure, as far as possible, that it will have sufficient liquidity to meets its obligations.

The Company manages its liquidity risk by evaluating working capital availability and forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2013, the Company has a cash and cash equivalent balance of $2,420 (year ended December 31, 2012 – $2,055) and working capital of $3,955 (year ended December 31, 2012 – $1,904). All of the Company's financial liabilities, other than notes payable and obligations under finance leases, have a contractual maturity of less than 45 days.

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2013:

	Payment due:				
	In less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years
Accounts payable and accrued liabilities	$ 2,962	$ 200	$ 791	$ -	$ -
Convertible Note	-	-	-	-	-
Note payable	600	228	380	-	-
Provisions	-	-	-	-	-
Obligations under finance leases	35	35	71	142	71
	$ 3,597	$ 463	$ 1,242	$ 142	$ 71

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2012:

	Payment due:				
	In less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years
Accounts payable and accrued liabilities	$ 3,066	$ 667	$ 1,014	$ -	$ -
Convertible Note	-	2,757	-	-	-
Note payable	228	234	494	912	31
Provisions	-	-	720	-	-
Obligations under finance leases	95	93	88	-	-
	$ 3,389	$ 3,751	$ 2,316	$ 912	$ 31

d. Capital risk

The Company's objectives when managing its capital risk is to safeguard its assets, while at the same time maintaining investor, creditor, and market confidence, and to sustain future development of the business and ultimately protect shareholder value. The Company manages its risks and exposures by implementing the strategies below.

The Company includes shareholders' equity, long-term notes payable and long-term portion of obligations under finance leases in the definition of capital. Total capital at December 31, 2013, was $7,141 (December 31, 2012 - $19,281). To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics, acquire or dispose of assets, or adjust the amount of cash and short-term investment balances held.

The Company has established a budgeting and planning process with a focus on cash, working capital, and operational expenditures and continuously assesses its capital structure in light of current economic conditions and changes in the Company's short-term and long-term plans. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

e. Fair values

The carrying values of cash and cash equivalents, amounts receivable, unbilled revenue, accounts payable, accrued liabilities, obligations under finance leases, convertible note and other long-term liabilities approximate their fair value given their relatively short period to maturity. The carrying value of long-term notes payable and obligations under finance leases approximates their fair value, as current market rates available to the Company are similar to those on the long-term notes payable and obligations under finance leases.

Financial instruments recorded at fair value on the Consolidated 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).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

There are no financial instruments measured at fair value. During the year, there have been no transfers of amounts between any categories. There are no items classified in Level 2 or Level 3 as of December 31, 2013.

16. Key management personnel and director compensation:

The Company's compensation program specifically provides for total compensation for executive officers, which is a combination of base salary, performance-based incentives and benefit programs that reflect aggregated competitive pay in light of business achievement, fulfillment of individual objectives and overall job performance. Executive officers participate in the Company's share compensation and share option plans (Note 11).

As of December 31, 2013, the Chief Executive Officer and Chief Financial Officer are each entitled an amount equal to one year's annual base salary in the event the Company were to terminate their employment agreement, other than due to a material breach of the employment agreement or in the event the Company becomes insolvent.

The compensation of non-employee directors consists of a cash component and a share component. Directors participate in the Company's share option plan and director's share compensation plan (Note 11).

The following summarizes key management personnel and directors compensation for the years ended December 31, 2013 and 2012:

Year ended December 31,	2013	2012
Short-term employee benefits	$ 1,658	$ 1,527
Share-based payments	323	381
	$ 1,981	$ 1,908

The following summarizes key management personnel and directors share ownership of the Company as of December 31, 2013 and 2012:

December 31,	2013	2012
Number of Class A Common shares held	1,854,652	1,750,642
Percentage of total Class A Common shares issued	2.01%	2.20%

17. Subsequent event:

On February 7, 2014, the Company closed a convertible promissory note for $5,000. Simple interest is payable at maturity at an annual rate of 16%. The note is convertible into 12,486,577 common shares of the Company, at any time at the option of the holders, and includes 3,091,572 detachable warrants to purchase Class A common shares at a per share price of $0.56 CDN that expire in three years. The unconverted balance is payable at maturity, twelve months from the date of issuance.

The Company has the option, after six months from the closing date of the note and upon sixty days notice, to repay the note at 116% of the outstanding principal balance.

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Richard L. Mohr
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