2014

ANNUAL REPORT

Intermap Technologies Corporation

INTERMAP®

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President's Message

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

During 2014, our focus was on the continued development of the Orion Platform®, coupled with operational preparation to support anticipated Spatial Data Infrastructure ("SDI") contract(s). The Orion Platform and its SDI capabilities were designed to derive geospatial related answers for our customers.

The year 2014 was a year of investment in Intermap's future. We continued to make major advancements in our platform software capabilities, our NEXTMap® database, and in our professional services competencies. This investment positions us well for the coming year to deliver on the Orion Platform promise we made to our customers. We are currently pursuing large SDI projects which have initial delivery periods of at least two years, and are designed to generate recurring revenue streams for years to follow. Our internal investment during 2014 was necessary to position us for success in these areas.

Our InsitePro™ software application was introduced during the year. InsitePro is a SaaS based application that uses our Orion Platform and is focused on the property insurance market. During the year, our InsitePro product team talked to over 40 primary insurers, resulting in significant insight into both the needs of property insurers and the industries competitive landscape. The combination of our software, high-quality terrain data, and European insurance experience, provides a compelling basis to help drive further development of our InsitePro application. No competitor has a geospatial analytical platform and access to comparable data assets for flood insurance underwriters. The ongoing development of Intermap's Orion Platform presents a method for InsitePro to become a complete underwriting solution for large insurance carriers, including some of the world's largest multi-nationals. As an example, InsitePro's first customer was Swiss Re, delivering flood underwriting software for use in the Brazil property insurance market. As InsitePro enters 2015, we remain confident in the business potential as we continue to add new functionality and integrate new datasets into the software.

The Orion Platform was developed to provide an integrated platform, delivering customized and scalable geospatial solutions, powered from five layers of products and services as follows:

1. 3DBI: Software applications designed to help professionals make better location-based decisions without the need for expensive and complicated GIS software.
2. Infrastructure: Network-based software delivered in both platform as a service ("PaaS") and traditional licenses.
3. Foundation Data Layer: Seamless, off-the-shelf, high resolution elevation and image data.
4. Fusion Services: Integration of geospatial and location-based content into one homogeneous, consistent database using Intermap's proprietary fusion processes and tools.
5. Geospatial Services: Helps a customer define their overall geospatial enterprise problem. The services also include custom data collections using a variety of sensor types (i.e. radar, LiDAR, satellite, aerial photography, etc.).

An **SDI** is the combination of several components, all working together, to allow people across governments, organizations, and the general public to analyze and share spatial data solutions. The key components of an SDI include technology, policies, people, processes, and resources – collectively working together in acquiring, processing and delivering location-based intelligence answers. When designed and implemented well, an SDI can facilitate economic development, infrastructure growth, security, and safety to a nation. Further to this, an SDI can drive the creation of a comprehensive national base map and an integrated geospatial data operating environment.

We believe that an SDI can be essential to the successful completion of major infrastructure projects and economic growth in developing nations, and can enable projects such as fiber optic telecommunications lines; expansion of hydroelectric power and build out of the power grid; planning and building of new roads and railroads; expansion of mining and hydrocarbon exploration; national security; tax revenue growth; and protection of the environment.

An SDI project can support governments with the creation of a comprehensive, three dimensional (3D) digital infrastructure that can be used to model and plan for a number of infrastructure, economic, and catastrophic circumstances. An SDI can enable multiple government and commercial uses, and can provide actionable economic related decisions in the areas of natural resources exploration (agriculture, forestry, hydroelectricity, mining, oil and gas), environment, education, transportation, communications, health, and security.

An SDI can also provide the analysis and dissemination of information for government agencies to proactively respond to identified needs of major development projects. A strong SDI originates with a foundation of accurate digital geospatial layers, real-time analytics, and location-based answers.

Our adjusted EBITDA for the year was negative $12.0 million compared with positive $1.2 million for 2013. For the year 2014, our net loss was $12.8 million, or ($0.14) per share, compared with a net loss of $13.5 million (includes a $9.2 million asset impairment charge), or ($0.16) per share, last year.

In summary, during 2014 we were in between major governmental contracts, which is the primary reason for our decreased operational performance during the year. However, our identified sales opportunities continued to grow throughout the year, driven primarily by the risk management needs of our customers, as well as several SDI opportunities internationally. It is important to remember that our SDI business carries with it significant revenue and operational variations on a quarter-to-quarter, and annual basis, as we saw during this past year. We are working diligently to close new Orion Platform based SDI contracts during 2015 from our growing list of identified opportunities, which are expected to improve our future financial results.

During 2014 we invested heavily in our software platform strategy so that we can bring to market a leading geospatial analytical product that can be easily customized for our customers. This strategy should result in recurring revenues and profitability in future periods. We have also had some success in the Risk markets and we continue to pursue the larger SDI opportunities, which will change the entire dynamics of the business. It's clear that we are breaking new ground and our opportunities continue to grow. It is our challenge to capture new opportunities as fast as possible and to drive success for Intermap and its investors.

The merit of creating our platform-as-a-service is just starting to be experienced and is at the center of our SDI and Risk opportunities. Today, it represents a small portion of our revenue and we have talked about the value of this approach for the last few years. In the future, this approach will allow us to remove the dependency on the project-based revenue that we currently rely on so heavily. In the quarters to come, you will hear more about where this platform is being used and the new personalities that have been created for new markets.

And finally, on behalf of myself and all of our employees, I'd like to thank our investors for their continued support during the year and for sharing our vision. We look forward to a successful and profitable 2015.

(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, 2014

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 26, 2015, and should be read together with the Company's audited Consolidated Financial Statements and the accompanying notes for the years ended December 31, 2014 and 2013. 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 Technologies® Corporation ("Intermap" or the "Company") with information about the Company and its subsidiaries, including management's assessment of Intermap's® and its subsidiaries' future plans 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 these forward-looking statements are based on assumptions that Intermap considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward- looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate.

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

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

BUSINESS OVERVIEW

Intermap is a global 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 5- meter 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 10-meter product of the entire world, called NEXTMap World 10™.

FINANCIAL INFORMATION

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

Selected Annual Information

U.S. $ millions, except per share data		**2014**		2013[(1)]		2012[(1)]
Revenue:						
Mapping services	**$**	**2.9**	$	18.0	$	11.0
Professional services		**0.9**		1.0		0.9
Data licenses		**3.3**		3.9		14.1
3DBI software applications		**1.2**		1.5		1.8
Total revenue	**$**	**8.3**	$	24.4	$	27.8
Net loss before data library impairment	**$**	**(12.8)**	$	(4.3)	$	(3.1)
Data library impairment		**-**		(9.2)		-
Net loss	**$**	**(12.8)**	$	(13.5)	$	(3.1)
EPS basic and diluted	**$**	**(0.14)**	$	(0.16)	$	(0.04)
Adjusted EBITDA	**$**	**(12.0)**	$	1.2	$	5.0
Assets:						
Cash, amounts receivable, and unbilled revenue	**$**	**2.1**	$	9.0	$	10.5
Data library	**$**	**-**	$	-	$	13.8
Total assets	**$**	**5.3**	$	12.9	$	28.9
Total long-term liabilities (including finance lease obligations)	**$**	**0.5**	$	0.4	$	1.3

(1) Net loss before data library impairment, net loss, and EPS basic and diluted amounts have been restated. See Note 5 to the Consolidated Annual Financial Statements.

Revenue

Consolidated revenue for the year ended December 31, 2014 totaled $8.3 million, compared to $24.4 million for the same period in 2013, representing a 66% decrease. As of December 31, 2014, there remained $0.5 million in 3DBI software applications revenue from existing contracts to be recognized in future periods.

Mapping services revenue for the year ended December 31, 2014 totaled $2.9 million, compared to $18.0 million for the same period in 2013. During the year ended December 31, 2014, the company recognized revenue on a percentage of completion basis on a single contract in North America totaling $2.3 million. For the same period in 2013, revenue was recognized on a percentage of completion basis on two contracts consisting of (i) a $13.4 million contract in Southeast Asia, and (ii) a $3.5 million contract in North America. Revenue generated from the Company's mapping services work is typically contracted with government entities and includes long sales cycles measured in years. The timing of these contracts is sporadic and the contracted amounts vary significantly. The decrease in mapping services revenue recorded during 2014 was the primary reason for the year-over-year decrease in total revenue during 2014.

Professional services revenue was $0.9 million for the year ended December 31, 2014, a slight decrease from $1.0 million for the same period in 2013.

Data licensing revenue for the years ended December 31, 2014 and 2013 totaled $3.3 million and $3.9 million, respectively. The small decrease was primarily the result of increased sales from the Company's NEXTMap Asia dataset, offset by decreased sales in the U.S. and Europe.

3DBI software applications revenue decreased for the year ended December 31, 2014 to $1.2 million from $1.5 million for the same period in 2013. The decrease was primarily the result of revenue recognized on one LinkPro 3DBI software application contract in the amount of $0.5 million during 2013, with no similar size contract recognized during the same period in 2014. The decrease in LinkPro revenue was partially offset by increases in GeoPro and InsitePro software application revenue during 2014.

Classification of Operating Costs

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

U.S. $ thousands		**2014**		2013
Personnel	**$**	**12,096**	$	12,430
Purchased services & materials		**5,532**		7,784
Travel		**1,025**		1,577
Facilities and other expenses		**2,065**		1,306
	$	**20,718**	$	23,097

Personnel

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

Personnel expense for the years ended December 31, 2014 and 2013, totaled $12.1 million and $12.4 million, respectively. The 3% year-over-year decrease in personnel expense is primarily due to a decrease in sales commission expense consistent with the decrease in revenue recognized on a year-over-year basis.

Consolidated active employee headcount was 180 (including 73 in Jakarta, Indonesia) at December 31, 2014, an 11% decrease from 202 (including 97 in Jakarta, Indonesia) at December 31, 2013. The decrease in personnel on a year-over-year basis was the result of reductions in (i) sales and marketing 27%, or 8 personnel; (ii) engineering 47%, or 8 personnel; (iii) operations 14%, or 17 personnel; and (iv) general and administrative 5%, or 1 person. These reductions were offset by increases in (i) professional services 100%, or 3 personnel; and (ii) software development 64%, or 9 personnel.

Non-cash compensation expense is included in operating costs and relates to the Company's long-term incentive plan, share options, and shares granted to employees and non-employees. Non-cash share-based compensation for the years ended December 31, 2014 and 2013, totaled $0.5 million in each period.

Purchased Services and Materials

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

For the years ended December 31, 2014 and 2013, PS&M expense was $5.5 million and $7.8 million, respectively. The year-over-year decrease is primarily due to decreases in jet fuel and subcontractor costs associated with the airborne radar collection portion of a project in Southeast Asia during 2013, with no similar size project in place during 2014. The decreases in airborne radar collection costs were offset by increases in costs associated with (i) contracted personnel used in software development activities, and (ii) third-party data collection activities for a professional services contract during the first quarter of 2014.

Travel

For the years ended December 31, 2014 and 2013, travel expense was $1.0 million and $1.6 million, respectively. The decrease during the year ended December 31, 2014 compared to the same period in 2013 is primarily due to project related travel associated with a significant mapping services contract in Southeast Asia during 2013 where there were no similar size projects in place during the current year. This decrease was partially offset by increases in sales and marketing related travel during the current year for training of channel partners on the Company's software products.

Facilities and Other Expenses

For the years ended December 31, 2014 and 2013, facilities and other expenses were $2.1 and $1.3 million, respectively. The increase for the year ended December 31, 2014, compared to the same period in 2013 is primarily due to the reversal of a facility provision of $0.7 million (net of deposits) during 2013 with no similar offset during 2014.

During the second quarter of 2014, the Company secured a new office facility lease in Calgary, Canada. The lease agreement included reimbursement for leasehold improvement costs of $208 thousand and six months of free rent that is included in deferred lease inducements and will be amortized over the term of the 78 month lease.

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 share-based compensation, change in value of derivative instruments, 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 loss to adjusted EBITDA.

U.S. $ millions	**2014**	2013(1)
Net loss	**$ (12.8)**	$ (13.5)
Interest expense	**2.0**	1.0
Depreciation of property and equipment	**1.1**	1.4
Amortization of data library	**-**	4.6
Amortization of intangible assets	**0.1**	0.1
Income tax recovery	**(0.4)**	-
EBITDA	**$ (10.0)**	$ (6.4)
Change in value of derivative instruments	**(2.0)**	(1.8)
Share-based compensation	**0.5**	0.5
Gain on disposal of equipment	**(0.5)**	(0.1)
Loss on foreign currency translation	**-**	0.5
Restructuring costs recovery	**-**	(0.7)
Impairment of data library	**-**	9.2
Adjusted EBITDA	**$ (12.0)**	$ 1.2

(1) Net loss has been restated. See Note 5 to the Consolidated Annual Financial Statements.

Adjusted EBITDA for the year ended December 31, 2014 was negative $12.0 million, compared to positive $1.2 million for the same period in 2013. The difference in the adjusted EBITDA loss on a year-over-year basis is primarily attributable to a decrease in revenue of $16.1 million, offset by a decrease in operating costs of $3.4 million.

Depreciation of Property and Equipment

Depreciation expense for the year ended December 31, 2014 totaled $1.1 million, compared to $1.4 million for the same period in 2013. 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, 2014 and 2013, amortization expense relating to the data library was $Nil and $4.6 million, respectively. During the fourth quarter of 2013, the data library asset balance was reduced to $Nil, resulting in no amortization during the current year.

Impairment of Data Library

In December 2013, an impairment review was performed to determine if the carrying value of the Company's NEXTMap USA and NEXTMap Europe dataset assets were recoverable. It was determined that the recoverable amount of the datasets was insufficient to recover the carrying value of the assets, resulting in a pre-tax impairment charge of $9.2 million.

Financing Costs

Financing costs for the year ended December 31, 2014 totaled $2.0 million, compared to $1.0 million for the same period in 2013. The increase in year-over-year financing costs is attributable to interest incurred and accretion on outstanding convertible notes issued in February 2014 for $5.0 million, and December 2014 for $1.0 million, compared to interest on a $2.5 million outstanding convertible note that converted during August 2013.

Derivative Instruments

The Company has issued non-broker warrants that are considered to be derivative liabilities due to the warrants being exercisable in a currency (Canadian dollar) other than the Company's functional currency (United States dollar). Accordingly, the warrants are measured at fair value at each reporting date, with changes in fair value included in the consolidated statement of profit and loss and other comprehensive income for the applicable reporting period. During the year ended December 31, 2014 and 2013, the change in the fair value of derivative instruments was a gain of $2.0 million and $1.8 million, respectively.

Gain on Disposal of Equipment

During 2014, the Company (i) sold fully depreciated spare radar parts, a transmitter, and miscellaneous computer equipment and recognized a gain of $128 thousand; (ii) exited a leased facility in Calgary and recognized a loss on the disposal of leasehold improvements with a net book value of $64 thousand, and recognized a gain of $76 thousand on the disposal of the remaining deferred leasehold improvements; and (iii) recognized a gain of $316 thousand on proceeds from an insurance claim for water damaged computer and storage related 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, spare aircraft parts, and miscellaneous IT 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. The difference between any amounts incurred in one currency and settled in a different currency is recognized as a gain or loss in the period it is settled.

During the year ended December 31, 2014, a foreign currency translation gain of $7 thousand was recorded, compared to a loss of $506 thousand for the same period in 2013. The decrease in losses from the comparative period are primarily the result of the collection of receivable balances denominated in a foreign currency.

Income Tax

Current income tax expense of $Nil was incurred during the year ended December 31, 2014, compared to an expense of $28 thousand during the same period in 2013. The expense for the year ended December 31, 2013 relates to taxable income generated from the Company's Czech Republic subsidiary.

During the year ended December 31, 2014, a deferred income tax recovery of $383 thousand, compared to $Nil for the same period in 2013 was recorded. The recovery was due to the deferred tax effect of the difference in the accounting and tax balances of the convertible notes issued in February and December 2014.

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 $6.6 million at December 31, 2013, to $1.5 million at December 31, 2014. These amounts represent 112 days' sales at December 31, 2014, compared to 142 days' sales at December 31, 2013, and reflect specific project billing milestones on current contracts that were in progress on those dates. There continues to be an amounts receivable balance greater than 90 days primarily from historically slow paying, but reliable customers. The Company reviews the amounts receivable aging monthly and monitors the payment status of each invoice. The Company also communicates with slow paying or delinquent customers on a regular basis regarding the schedule of future payments. At the balance sheet date, all amounts receivable balances greater than 90 days are considered to be collectible.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals, personnel-related costs, and interest on outstanding debt obligations. Accounts payable and accrued liabilities decreased to $3.8 million at December 31, 2014, from $4.0 million at December 31, 2013.

U.S. $ thousands		**December 31, 2014**		December 31, 2013
Accounts payable	$	1,513	$	1,997
Accrued liablities		2,259		1,936
Other taxes payable		13		20
	$	3,785	$	3,953

The accounts payable balance decreased from $2.0 million at December 31, 2013 to $1.5 million at December 31, 2014. The decrease is due primarily to lower costs associated with mapping services contracts and the timing of payments on trade payables. The accrued liabilities balance increased from $1.9 million at December 31, 2013 to $2.3 million at December 31, 2014. The increase is primarily due to $0.7 million of interest accrued on a convertible note, offset by decreased personnel related accruals. Accrued interest related to the convertible notes totaled $0.7 million and nil at December 31, 2014 and 2013, respectively.

Notes Payable

The notes payable balance at December 31, 2014 increased to $1.3 million from $1.2 million from December 31, 2013. The increase was due to $0.1 million in reimbursable project development funds provided by a corporation designed to enable the development and commercialization of geomatics solutions in Canada.

Convertible Notes

The convertible notes balance of $5.3 million at December 31, 2014 is due to three private placement convertible debt financings that closed during 2014. The first was issued on February 7, 2014 for $5.0 million; simple interest is payable at maturity at an annual rate of 16%; convertible into 12,367,054 common shares of the Company, at any time, at the option of the holder. The second was issued on December 12, 2014 for $0.5 million; simple interest is payable at maturity at an annual rate of 16%; convertible into 5,741,187 common shares of the Company, at any time, at the option of the holder. The third was issued on December 26, 2014 for $0.5 million; simple interest is payable at maturity at an annual rate of 18%; convertible into 8,333,333 common shares of the Company, at any time, at the option of the holder. See "Note 8" to the Consolidated Financial Statements for further discussion of the terms of the notes.

Unearned Revenue and Deposits

The unearned revenue balance at December 31, 2014 increased to $451 thousand from $110 thousand at December 31, 2013. 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, 2014 decreased to $0.2 million from $0.3 million at December 31, 2013 due to recurring payments on an outstanding finance lease obligation.

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 2013 (1)	Q2 2013 (1)	Q3 2013 (1)	Q4 2013 (1)	Q1 2014 (1)	Q2 2014 (1)	Q3 2014 (1)	**Q4 2014**
Total revenue	$ 5.1	$ 8.9	$ 6.3	$ 4.1	$ 2.1	$ 2.4	$ 2.7	**$ 1.1**
Depreciation and amortization	$ 1.6	$ 1.5	$ 1.5	$ 1.4	$ 0.3	$ 0.3	$ 0.3	**$ 0.2**
Interest expense	$ 0.3	$ 0.6	$ -	$ 0.1	$ 0.2	$ 0.3	$ 0.5	**$ 1.0**
Change in fair value of derivative intruments	$ 1.0	$ (0.1)	$ (2.0)	$ (0.7)	$ (1.2)	$ (0.2)	$ (0.4)	**$ (0.2)**
Net income (loss) before data library impairment	$ (3.1)	$ -	$ 1.5	$ (2.7)	$ (2.3)	$ (3.4)	$ (2.5)	**$ (4.6)**
Data library impairment	$ -	$ -	$ -	$ (9.2)	$ -	$ -	$ -	**$ -**
Net income (loss)	$ (3.1)	$ -	$ 1.5	$ (11.9)	$ (2.3)	$ (3.4)	$ (2.5)	**$ (4.6)**
Net income (loss) per share - basic and diluted	$ (0.04)	$ -	$ 0.01	$ (0.13)	$ (0.02)	$ (0.04)	$ (0.03)	**$ (0.05)**
Adjusted EBITDA	$ (0.1)	$ 2.2	$ 0.6	$ (1.5)	$ (3.6)	$ (2.8)	$ (2.1)	**$ (3.5)**

(1) Net income (loss) before data library impairment, net income (loss), and net income (loss) per share amounts have been restated. See Note 5 to the Consolidated Annual Financial Statements.

Revenue

Consolidated revenue for the fourth quarter of 2014 totaled $1.1 million, compared to $4.1 million for the same period in 2013, representing a 73% decrease.

Mapping services revenue for the quarter ended December 31, 2014 totaled $0.6 thousand, compared to $1.0 million for the same period in 2013. The Company had no mapping services contracts during the quarter ended December 31, 2014, compared to two contracts where revenue was recognized in the amounts of (i) $0.6 million for a contract in Southeast Asia, and (ii) $0.4 million for a contract in North America.

Professional services revenue was $0.1 million for the quarter ended December 31, 2014, a decrease from $0.8 million for the same period in 2013. The majority of the decrease was the result of a project management contract for LiDAR and digital ortho-photo work performed during 2013, with no similar contract in place during the current year.

Data licensing revenue for the quarters ended December 31, 2014 and 2013 totaled $0.5 million and $1.7 million, respectively. The decrease was primarily the result of two NEXTMap World 30™ sales totaling $0.8 million during the fourth quarter of 2013 with no similar size sales in the current year. There was also decreased revenue from the U.S. and Europe datasets during 2014.

3DBI software applications revenue decreased slightly for the quarter ended December 31, 2014 to $0.5 million from $0.6 million for the same period in 2013. The decrease was primarily the result of revenue recognized on one LinkPro 3DBI software application contract in the amount of $0.3 million during the fourth quarter of 2013, with no similar size contract recognized during the same period in 2014, offset by increased in GeoPro revenue of $0.2 million during the fourth quarter of 2014.

Personnel

Personnel expense for the three-month periods ended December 31, 2014 and 2013, totaled \$3.0 million and \$2.9 million, respectively. Headcount decreased on a year-over-year basis, but was offset by a change in the mix of wage earners.

Non-cash compensation expense for the quarters ended December 31, 2014 and 2013, totaled \$0.1 million and \$0.2 million, respectively. The decrease was due to the expense incurred from options issued to the Board of Directors during the fourth quarter of 2013 with no similar issuance during the fourth quarter of 2014.

Purchased Services and Materials

For the three-month periods ended December 31, 2014 and 2013, PS&M expense was \$1.0 million and \$2.1 million, respectively. The decrease is primarily due to decreases in jet fuel and subcontractor costs associated with the airborne radar collection portion of a project in Southeast Asia during 2013, with no similar size contract in place during the same periods in 2014. These decreases are offset by increases in contracted personnel used in software development activities.

Travel

Travel expense for the three-month periods ended December 31, 2014 and 2013 totaled \$0.2 million for each period. Project related travel associated with a significant mapping services contract in Southeast Asia during 2013 were offset by increases in sales and marketing related travel during the current year related to the Company's new 3DBI software applications products.

Facilities and Other Expenses

For the three-month periods ended December 31, 2014 and 2013, facilities and other expenses were \$0.5 million for each period.

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	$ 1,672	$ 747	$ 706	$ 219	$ -
Notes payable	1,290	1,168	122	-	-
Finance leases	256	151	105	-	-
Total	$ 3,218	$ 2,066	$ 933	$ 219	$ -

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 used in operations during the year ended December 31, 2014 totaled $7.4 million, compared to cash generated from operations of $1.9 million during the same period in 2013. The year-over-year decrease of $9.3 million is due primarily to decreased revenue and changes in working capital balances.

Net cash used in investing activities totaled $0.2 million for the year ended December 31, 2014, compared to $0.6 million during the same period in 2013. Net cash used in investing activities for the year ended December 31, 2014 was primarily for the purchase of computer related equipment of $0.6 million, offset by proceeds from the sale of property and equipment of $0.4 million. Cash used in investing activities during the year ended December 31, 2013, was primarily for the purchase of computer related equipment of $0.8 million, offset by proceeds from the sale of property and equipment of $0.2 million.

Net cash generated from financing activities totaled $5.8 million for the year ended December 31, 2014, compared to net cash used in financing activities of $0.9 million during the same period in 2013. The net cash generated from financing activities during the year ended December 31, 2014 resulted from the closing of convertible note debt financings totaling $6.0 million, and $0.1 million funding received on a long-term note payable. These amounts were offset by $0.1 million of issuance costs and repayment of long-term debt and capital leases of $0.2 million. The net cash used in financing activities during the same period in 2013 was due to the payments on long-term debt and capital leases of $0.9 million.

The cash position of the Company at December 31, 2014 (cash and cash equivalents) was $0.5 million, compared to $2.4 million at December 31, 2013. Working capital decreased to negative $8.7 million as of December 31, 2014 from positive $2.6 million as of December 31, 2013 due primarily to an increase in short-term liabilities from the convertible notes entered into during the year totaling $6.0 million, and a decrease in cash and amounts receivable of $1.9 million and $5.0 million, respectively. At December 31, 2014 and 2013, working capital includes $0.2 million and $1.3 million, respectively, of warrant liabilities that are non-cash and will be settled in equity of the Company, if exercised.

During the year ended December 31, 2014, the Company generated a net loss of $12.8 million, incurred negative adjusted EBITDA of $12.0 million, and negative cash flow from operations of $7.4 million. Revenue for the year ended December 31, 2014 was $8.3 million, which represents a $16.2 million decline from revenue for the year ended December 31, 2013. In addition, the Company has a deficit of $212.1 million and a working capital deficiency of $8.7 million. Although the Company has made significant progress in the development of new product offerings during the 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. 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 further financing. 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 customers with complete geospatial solutions with a focus on software applications. In addition, the Company obtained financing during the year and during the first quarter of 2015 to help further the development of new product offerings. 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.

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 of business is measured at the fair value of the consideration received or receivable.

Software Subscriptions

Revenue from software 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 is the result of the acquisition and processing of digital map data. Ownership rights to this data are typically retained by the Company and the data is licensed to customers. Historically, the direct costs of acquiring and processing certain areas of data collected 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 was reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of the asset may not be recoverable. At December 31, 2013, the Company determined that the recoverable amount of the data library was insufficient to recover the carrying value of the asset, resulting in a total impairment of the asset. It was determined that the historical approach of licensing raw data from datasets was no longer a priority for the Company as the focus for future periods will be primarily on the licensing of the Company's 3DBI software applications. These 3DBI software applications deliver specific answers to the end user, rather than raw data. In accordance with IFRS, the Company will review each reporting period for indications that a reversal of the impairment losses may be necessary.

Use of Estimates

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

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

Impairment of Data Library

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.

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, 2014, amounts receivable represented 27% 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.

Derivative Financial Instruments

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

Provisions

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the future settlement were to adversely differ from management's expectations, the Company could incur either an additional expense or reversal of the expense previously recorded.

Other Long-Term Liabilities

The Company uses a Monte Carlo simulation model to estimate the grant date and balance sheet date fair value of share awards allocated under the Company's long-term incentive plan (LTIP). The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate; grant date of August 8, 2014; expiration date of December 31, 2015; discount rate.

Compound Financial Instruments

The Company has issued compound financial instruments which comprise convertible notes denominated in United States dollars that can be converted to share capital at the option of the holder. The valuation and accounting for the notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation models, certain assumptions applied within such valuation models, and certain aspects of the accounting method applied on initial recognition. The assumptions and models used for estimating fair value of convertible note transactions are disclosed in Note 8 to the Consolidated Annual Financial Statements.

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

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities. IFRS 9 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early application is permitted. The Company does not intend to adopt this standard early and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Revenue from Contracts with Customers

In May 2014, the International Standards Board issued IFRS 15, Revenue from Contracts with Customers, which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. The Company does not intend to adopt this standard early and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following new accounting standards and amendments which are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014. The standards and amendments did not have a significant impact on the financial statements of the Company.

IAS 32, Financial Instruments: Presentation

In December 2011, the International Accounting Standards Board amended International Accounting Standard 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 adoption of IAS 32 did not have a material impact on the consolidated financial statements.

IFRIC 21, Levies

In May 2013, the International Accounting Standards Board issued IFRIC 21 which provides guidance on accounting for levies in accordance with the requirements of International Accounting Standard 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 reporting periods beginning on or after January 1, 2014 and is required to be applied retrospectively. The adoption of IFRIC 21 did not 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 26, 2015, 91,782,665 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of March 26, 2014, potential dilutive securities include (i) 7,367,400 outstanding share options in the Company's share option plan with a weighted average exercise price of C$0.46; (ii) 13,662,718 warrants outstanding with a weighted average exercise price of C$0.08 and each warrant entitles the holder to purchase one Class A common share, and (iii) 14,074,520 conversion shares associated with convertible debt financing transactions completed in December 2014.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

Internal Control over Financial Reporting

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

The Company has identified a material weakness in internal controls over financial reporting. During the year-end audit procedures, the Company corrected the accounting for certain financial instruments that were denominated in a foreign currency or included as foreign currency embedded derivatives - these include all non-broker warrants. Previously, the Company accounted for the warrants as a component of equity; however, in accordance with IAS 39, Financial Instruments: Recognition and Measurement, warrants denominated in a foreign currency and foreign currency embedded derivatives are required to be classified as liabilities under IFRS and marked to fair value through profit and loss each reporting period. A correction to the accounting was made and the impact of the correction is detailed in Note 5 to the Consolidated Financial Statements. There is no impact on total assets, revenue, costs of sales, operating loss, or total cash flows from operating activities, as a result of the correction. As of March 26, 2015, the weakness has been remediated. Management has updated the internal control procedures related to complex financial instruments to ensure they are appropriately accounted for in accordance with IFRS on a quarterly basis.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the design of internal control over financial reporting, other than as disclosed above, that occurred during the year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

The Company's President and Chief Executive Officer and the Company's Senior Vice President and Chief Financial Officer have designed, or have caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company has been made known to them and that information required to be disclosed in the Company's annual filings, interim filings or other reports filed by it or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified by applicable securities legislation.

The Company's President and Chief Executive Officer and the Company's Senior Vice President and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures. In light of on the material weakness in internal control over financial reporting discussed above, it has been determined that such disclosure controls and procedures were ineffective at the financial year-end. As a result, the Company performed additional post-closing procedures including, but not limited to, a detailed review of complex financial instruments, a review of the Company's compliance with its critical accounting policies and discussions with independent auditors of the Company's complex financial instruments to ensure the consolidated financial statements were prepared in accordance with IFRS. Accordingly, management concluded that the consolidated financial statements present fairly, in all material respects, the Company's financial results, in accordance with IFRS.

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.

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 2014, the Company had one key customer that accounted for 35% of total revenue. During 2013, the Company had two key customers that accounted for 74% 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. 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 strength of the Company's balance sheet, (iii) the announcement of material contract(s), (iv) the low daily trading volume of the Company's stock, (v) announcement of technological innovations or new products by the Company or its competitors, (vi) competition, including pricing pressures and the potential impact of competitors products on sales, (vii) changing conditions in the digital mapping and related industries, (viii) unexpected production difficulties, (ix) changes in financial estimates or recommendations by stock market analysts regarding Intermap or its competitors, (x) announcements by Intermap or its competitors of acquisitions, strategic partnerships, or joint ventures, (xi) additions or departures of senior management, and (xii) 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.

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 judgments, 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 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, 2014, December 31, 2013 and January 1, 2013, the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the years ended December 31, 2014, and December 31, 2013, 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, 2014, December 31, 2013, and January 1, 2013, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2014 and December 31, 2013 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 $12,800,000 and negative cash flows from operations of $7,422,000 for the year ended December 31, 2014 and as at December 31, 2014 had a deficit of $212,152,000 and a working capital deficiency of $8,748,000. 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 5 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2013, has been restated and that the comparative information presented as at January 1, 2013, has been derived from the consolidated financial statements as at and for the year ended December 31, 2012.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 30, 2015

Ottawa, Canada

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Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(In thousands of United States dollars)

	December 31, 2014	December 31, 2013 (as restated - Note 5)	January 1, 2013 [(1)] (as restated - Note 5)
Assets			
Current assets:			
Cash and cash equivalents	**$ 537**	$ 2,420	$ 2,055
Amounts receivable	**1,453**	6,434	5,735
Unbilled revenue	**63**	151	2,709
Prepaid expenses	**412**	407	625
Work in process	**-**	33	10
	2,465	9,445	11,134
Property and equipment (Note 6)	**2,833**	3,378	3,703
Data library	**-**	-	13,829
Intangible assets	**13**	116	235
	$ 5,311	$ 12,939	$ 28,901
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (Note 7)	**$ 3,785**	$ 3,953	$ 4,747
Convertible notes (Note 8)	**5,313**	-	1,918
Current portion of provisions	**-**	-	720
Current portion of notes payable (Note 9)	**1,168**	1,188	892
Current portion of deferred lease inducements	**137**	188	97
Unearned revenue and deposits	**451**	110	145
Warrant liability (Notes 8 and 14)	**226**	1,286	3,083
Conversion option liability (Note 13)	**-**	-	1,994
Income taxes payable	**2**	12	10
Obligations under finance leases (Note 10)	**131**	115	262
	11,213	6,852	13,868
Long-term notes payable (Note 9)	**122**	-	923
Deferred lease inducements	**311**	202	390
Obligations under finance leases (Note 10)	**96**	192	-
Other long-term liabilities (Note 13(g))	**6**	-	-
	11,748	7,246	15,181
Shareholders' equity:			
Share capital (Note 13(a))	**194,377**	194,337	189,263
Accumulated other comprehensive income	**(57)**	37	58
Contributed surplus (Note 13(b))	**11,395**	10,671	10,222
Deficit	**(212,152)**	(199,352)	(185,823)
	(6,437)	5,693	13,720
Going concern (Note 2(a))			
Commitments (Note 16)			
Subsequent events (Note 21)			
	$ 5,311	$ 12,939	$ 28,901

(1) Derived from December 31, 2012 (see Note 5)

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,		2014		(as restated - Note 5) 2013
Revenue (Note 11)	$	**8,254**	$	24,442
Expenses:				
Operating costs (Note 12)		**20,718**		23,097
Depreciation of property and equipment		**1,123**		1,421
Amortization of data library		**-**		4,610
Impairment of data library		**-**		9,219
Amortization of intangible assets		**103**		119
		21,944		38,466
Operating loss		**(13,690)**		(14,024)
Gain on disposal of equipment		**456**		163
Change in fair value of derivative instruments		**2,035**		1,817
Financing costs (Note 12)		**(2,006)**		(951)
Financing income		**15**		-
Gain (loss) on foreign currency translation		**7**		(506)
Loss before income taxes		**(13,183)**		(13,501)
Income tax (expense) recovery:				
Current		**-**		(28)
Deferred		**383**		-
		383		(28)
Net loss for the period	$	**(12,800)**	$	(13,529)
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		**(94)**		(21)
Comprehensive loss for the period	$	**(12,894)**	$	(13,550)
Basic and diluted loss per share	$	**(0.14)**	$	(0.16)
Weighted average number of Class A common shares - basic & diluted (Note 13(c))		**91,707,540**		84,566,288

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, 2013 (as restated - Note 5)	$ 189,263	$ 10,222	$ 58	$ (185,823)	$ 13,720
Comprehensive loss for the period	-	-	(21)	(13,529)	(13,550)
Share-based compensation	81	449	-	-	530
Convertible note conversion	3,025	-	-	-	3,025
Conversion option of convertible note	1,974	-	-	-	1,974
Issuance costs	(6)	-	-	-	(6)
Balance at December 31, 2013 (as restated - Note 5)	$ 194,337	$ 10,671	$ 37	$ (199,352)	$ 5,693
Comprehensive loss for the period	-	-	(94)	(12,800)	(12,894)
Share-based compensation	40	408	-	-	448
Conversion option of convertible note	-	704	-	-	704
Issuance costs	-	(5)	-	-	(5)
Deferred tax effect of convertible note	-	(383)	-	-	(383)
Balance at December 31, 2014	$ 194,377	$ 11,395	$ (57)	$ (212,152)	$ (6,437)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of United States dollars)

For the years ended December 31,	**2014**	(as restated - Note 5) 2013
Cash flows provided by:		
Operating activities:		
Net loss for the period	**$ (12,800)**	$ (13,529)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**1,123**	1,421
Amortization of data library	**-**	4,610
Impairment of data library	**-**	9,219
Amortization of intangible assets	**103**	119
Share-based compensation expense	**454**	530
Gain on disposal of equipment	**(456)**	(163)
Amortization of deferred lease inducements	**(41)**	(97)
Extinguishment of facility closure provision	**-**	(720)
Deferred taxes	**(383)**	-
Change in fair value of derivative instruments	**(2,035)**	(1,817)
Financing costs	**2,006**	951
Current income tax expense	**-**	28
Interest paid	**(22)**	(72)
Income tax paid	**(10)**	(60)
Changes in working capital:		
Amounts receivable	**5,008**	(699)
Work in process and other assets	**116**	2,755
Accounts payable	**(421)**	(114)
Accrued liabilities	**(363)**	(401)
Unearned revenue and deposits	**341**	(35)
Gain on foreign currency translation	**(42)**	(12)
	(7,422)	1,914
Investing activities:		
Purchase of property and equipment	**(609)**	(780)
Proceeds from sale of equipment	**360**	162
	(249)	(618)
Financing activities:		
Proceeds from issuance of convertible notes	**6,000**	-
Financing costs of convertible notes	**(158)**	(6)
Proceeds from reimbursable project funding	**130**	-
Repayment of obligations under finance lease	**(115)**	(271)
Repayment of long-term debt and notes payable	**(65)**	(636)
	5,792	(913)
Effect of foreign exchange on cash	**(4)**	(18)
(Decrease) increase in cash and cash equivalents	**(1,883)**	365
Cash and cash equivalents, beginning of period	**2,420**	2,055
Cash and cash equivalents, end of period	**$ 537**	$ 2,420

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 Livingston Place, Suite 1000, 250 – 2nd Street Southwest, Calgary, Alberta, Canada, T2P 0C1.

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, 2014, the Company incurred a net loss of $12,800 and negative cash flows from operating activities of $7,422. Revenue for the year ended December 31, 2014 was $8,254, which represents a $16,188 decline from revenue for the year ended December 31, 2013. In addition, the Company has a deficit of $212,152 and a working capital deficiency of $8,748.

The above factors in the aggregate raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing. Management has taken actions to address these issues including a shift in organization wide focus from the historical approach of licensing raw data, to providing customers with complete geospatial solutions with a focus on software applications. In addition, the Company obtained financing in 2015 (see Note 21) to help further the development and sales efforts of new product offerings. 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's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services and the timing of working capital payments associated with such products and services. 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. 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 Reporting 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 26, 2015, the date the Board of Directors approved the consolidated financial statements.

c. Measurement basis:

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

d. Use of estimates:

Preparing 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 and Note 8 – Convertible Notes.

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:

i. Impairment of Data Library:

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.

ii. 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.

iii. 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, 2014, amounts receivable represented 27% 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.

iv. 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.

v. Derivative financial instruments:

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

vi. 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)).

vii. Other long-term liabilities:

The Company uses a Monte Carlo simulation model to estimate the grant date and balance sheet date fair value of share awards allocated under its long-term incentive plan (LTIP). The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate; grant date of August 8, 2014; expiration date of December 31, 2015; discount rate (see Note 13(h)).

viii. Compound financial instruments:

The Company has issued compound financial instruments which comprise convertible notes denominated in United States dollars that can be converted to share capital at the option of the holder. The valuation and accounting for the notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation models, certain assumptions applied within such valuation models, and certain aspects of the accounting method applied on initial recognition. The assumptions and models used for estimating fair value of convertible note transactions are disclosed in Note 8.

ix. 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).

With respect to PT ExsaMap Asia (a 90% owned subsidiary), the non-controlling shareholder owns a written put option for which the Company has recognized as a liability in the financial statements in accordance with IAS 32, Financial Instruments: Presentation. The Company has elected to use the anticipated acquisition method to account for the arrangement, in which the recognition of the liability implies that the interests subject to the put option are deemed to have already been acquired, even though legally they are still non-controlling interests. Therefore, PT ExsaMap Asia is presented in the financial statements as fully owned by the Company for accounting purposes, and profits and losses attributable to the holder of the non-controlling interest subject to the put option are presented as attributable to the owners of the parent and not as attributable to those non-controlling shareholders.

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 were 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 was fully impaired during the year ended December 31, 2013.

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 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 judgment 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 judgment 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 equity-settled 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.

The grant date fair value of the equity-settled portion of the LTIP is recognized as an employee expense, with a corresponding increase in equity, over the service period, and the liability is re-measured at each reporting date. The fair value of the optional settlement portion of the LTIP is recognized as an employee expense, with a corresponding increase in liabilities, over the service period, and is re-measured to the current fair value at each reporting date.

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.

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. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. The Company has issued non-broker warrants that are considered to be derivative liabilities due to the warrants being exercisable in a currency (Canadian dollar) other than the Company's functional currency (United States dollar). Accordingly, the warrants are measured at fair value at each reporting date, with changes in fair value included in the consolidated statement of profit and loss and other comprehensive income for the applicable reporting period.

iv. 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 notes	Other liabilities
Notes payable	Other liabilities
Other long-term liabilities	Other liabilities
Warrant liability	Financial liability at fair value through profit and loss
Conversion option liability	Financial liability at fair value through profit and loss

v. 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.

vi. 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 re-measured 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:

a. New accounting standards:

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, 2014.

i. IAS 32, Financial Instruments: Presentation

In December 2011, the International Accounting Standards Board amended International Accounting Standard 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 adoption of IAS 32 did not have a material impact on the consolidated financial statements.

ii. IFRIC 21, Levies

In May 2013, the International Accounting Standards Board issued IFRIC 21 which provides guidance on accounting for levies in accordance with the requirements of International Accounting Standard 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 reporting periods beginning on or after January 1, 2014 and is required to be applied retrospectively. The adoption of IFRIC 21 did not have a material impact on the consolidated financial statements.

b. 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.

i. IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities. IFRS 9 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early application is permitted. The Company does not intend to adopt this standard early and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

ii. IFRS 15, Revenue from Contracts with Customers

In May 2014, the International Standards Board issued IFRS 15, Revenue from Contracts with Customers, which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. The Company does not intend to adopt this standard early and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

5. Restatement of prior years:

During the year ended December 31, 2014, the Company corrected the accounting for certain financial instruments that were denominated in a foreign currency or included as foreign currency embedded derivatives - these include all non-broker warrants. Previously the Company accounted for the warrants as a component of equity; however, in accordance with I*AS 39, Financial Instruments: Recognition and Measurement*, warrants denominated in a foreign currency and foreign currency embedded derivatives are required to be classified as liabilities under IFRS and marked to fair value through profit and loss each reporting period. There is no impact on total assets, revenue, costs of sales, operating loss, or total cash flows from operating activities, as a result of this restatement.

The financial statement impact of the change in accounting at January 1, 2013, which has been derived from the consolidated financial statements as at and for the year ended December 31, 2012, is as follows:

January 1, 2013 Consolidated Balance Sheet	As previously reported	Effect of restatement	As restated
Convertible note	$ 2,357	$ (439)	**$ 1,918**
Conversion option liability	-	1,994	**1,994**
Warrant liability	-	3,083	**3,083**
Share capital	194,144	(4,881)	**189,263**
Contributed surplus	10,354	(132)	**10,222**
Deficit	(186,198)	375	**(185,823)**

The financial statement impact of the change in accounting at December 31, 2013 is as follows:

December 31, 2013 Consolidated Balance Sheet	As previously reported	Effect of restatement	As restated
Warrant liability	$ -	$ 1,286	**$ 1,286**
Share capital	197,376	(3,039)	**194,337**
Contributed surplus	10,671	-	**10,671**
Deficit	(201,105)	1,753	**(199,352)**

December 31, 2013 Consolidated Statement of Comprehensive Income	As previously reported	Effect of restatement	As restated
Financing costs	$ (512)	$ (439)	**$ (951)**
Change in fair value of derivative instruments	-	1,817	**1,817**
Net loss for the period	(14,907)	1,378	**(13,529)**
Comprehensive loss for the period	(14,928)	1,378	**(13,550)**
Basic and diluted loss per share	(0.18)	0.02	**(0.16)**

December 31, 2013 Consolidated Statement of Changes in Equity	As previously reported	Effect of restatement	As restated
Comprehensive loss for the period	$ (14,928)	$ 1,378	**$ (13,550)**
Share capital	197,376	(3,039)	**194,337**
Contributed surplus	10,671	-	**10,671**
Deficit	(201,105)	1,753	**(199,352)**

December 31, 2013 Consolidated Statement of Cash Flows	As previously reported	Effect of restatement	As restated
Net loss for the period	(14,907)	1,378	**(13,529)**
Financing costs	512	439	**951**
Change in fair value of derivative instruments	-	(1,817)	**(1,817)**

6. Property and equipment:

Property and equipment	Aircraft	Mapping equipment	Furniture, fixtures & auto	Leases	Under construction	Total
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
Additions	95	276	8	112	118	609
Finance Lease	-	35	-	-	-	35
Disposals	-	(2)	-	(64)	-	(66)
Depreciation	(488)	(544)	(2)	(89)	-	(1,123)
Transfer from under construction	-	-	-	118	(118)	-
Balance at December 31, 2014	$ 1,708	$ 940	$ 6	$ 179	$ -	$ 2,833

Property and equipment	Aircraft	Mapping equipment	Furniture, fixtures & auto	Leases	Under construction	Total
Cost	$ 10,856	$ 27,748	$ 555	$ 1,537	$ -	$ 40,696
Accumulated depreciation	(8,755)	(26,573)	(555)	(1,435)	-	(37,318)
Balance at December 31, 2013	$ 2,101	$ 1,175	$ -	$ 102	$ -	$ 3,378
Cost	$ 10,951	$ 27,393	$ 372	$ 921	$ -	$ 39,637
Accumulated depreciation	(9,243)	(26,453)	(366)	(742)	-	(36,804)
Balance at December 31, 2014	$ 1,708	$ 940	$ 6	$ 179	$ -	$ 2,833

During the year ended December 31, 2014, the Company disposed of fully depreciated assets of $1,638, recognized a gain of $128 on the sale of those assets, and received cash proceeds of $44.

In May 2014, the Company exited a leased facility in Calgary and recognized a loss on the disposal of leasehold improvements with a net book value of $64 and recognized a gain of $76 on the disposal of the remaining deferred leasehold inducement.

Additionally, a gain of $316 was recognized on the settlement of an insurance claim for damaged computer and storage equipment. The damaged assets were fully depreciated at the time of the claim.

7. Accounts payable and accrued liabilities:

	December 31, 2014	December 31, 2013
Accounts payable	$ 1,513	$ 1,997
Accrued liablities (1)	2,259	1,936
Other taxes payable	13	20
	$ 3,785	$ 3,953

(1) Accrued liabilities include $737 of accrued interest on convertible notes for the twelve months ended December 31, 2014.

8. Convertible notes:

The following table details the liability and equity components of each convertible note, and the convertible note balance at December 31, 2014:

	December 26, 2014	December 12, 2014	February 7, 2014	Total
Proceeds from convertible note	$ 500	$ 500	$ 5,000	**$ 6,000**
Transaction costs	(31)	(34)	(93)	**(158)**
Net proceeds	469	466	4,907	**5,842**
Contributed surplus-conversion option	(83)	(16)	(598)	**(697)**
Warrant liability	(100)	(57)	(673)	**(830)**
Effective interest incurred on note discount	9	6	983	**998**
Carrying amount of convertible notes	$ 295	$ 399	$ 4,619	**$ 5,313**

a. February 7, 2014, convertible promissory note:

On February 7, 2014, the Company issued convertible promissory notes totaling $5,000. Simple interest is payable at maturity at an annual rate of 16%. The notes are convertible into 12,367,054 common shares of the Company at any time at the option of the holders. Under the terms of the notes, the accrued interest payable on any converted principal balances will be waived at the time of conversion. The notes also include 3,091,572 detachable warrants to purchase Class A common shares at a per share price of C$0.56 that expire on February 7, 2017. The notes are secured by a second priority security interest in the Company's amounts receivable and its two aircraft. The noteholder has a general security interest in the remaining assets of the Company on a pari pasu basis with the December 12, 2014 and December 26, 2014 convertible note holder. Any unconverted principal and accrued interest balance is payable at maturity on February 6, 2015. The Company has the option, after six months from the closing date of the notes, and upon sixty days' notice, to repay the note at 116% of the outstanding principal balance. The fair value of the prepayment option at December 31, 2014 was $Nil. At December 31, 2014, $733 of accrued interest is included in accrued liabilities.

The convertible notes represent hybrid instruments that need to be bifurcated between their liability and equity components. The warrants and notes are considered liabilities and the conversion option is equity. In determining the fair value of the warrant liability, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate of 109.3%; risk-free interest rate of 0.98%; expected life of three years; and an exchange rate of 0.904. The value of $673 was established on February 7, 2014. The fair value of the convertible notes at February 7, 2014 was determined to be $3,636 net of transaction costs of $93. The estimated discount rate is 29% which is subject to estimation uncertainty. The discount to the convertible notes is being amortized over the term of the notes using the effective interest method. The amount of the convertible note classified as equity is $598 and has been recorded in contributed surplus.

b. December 12, 2014, convertible promissory note:

On December 12, 2014, the Company issued a convertible promissory note for $500. Simple interest is payable at maturity at an annual rate of 16%. The note is convertible into 5,741,187 common shares of the Company at any time at the option of the holder. Under the terms of the note, the accrued interest payable on any converted principal balances will be waived at the time of conversion. The note also includes 1,137,202 detachable warrants to purchase Class A common shares at a per share price of C$0.10 that expire on December 12, 2017. The note is secured by a first priority security interest in the Company's amounts receivable and its two aircraft. The noteholder has a general security interest in the remaining assets of the Company on a pari pasu basis with the February 2014 convertible note holders. Any unconverted principal and accrued interest balance is payable at maturity on June 12, 2015. The Company has the option upon sixty days' notice, to repay the note at 108% of the outstanding principal balance. The fair value of the prepayment option at December 31, 2014 was $Nil. At December 31, 2014, $3 of accrued interest is included in accrued liabilities.

The convertible note represents a hybrid instrument that needs to be bifurcated between its liability and equity components. The warrant and note are considered liabilities and the conversion option is equity. In determining the fair value of the warrant liability, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate of 109.4%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.871. The value of $57 was established on December 12, 2014. The fair value of the convertible note at December 12, 2014 was determined to be $394 net of transaction costs of $34. The estimated discount rate is 17% which is subject to estimation uncertainty. The discount to the convertible note is being amortized over the term of the note using the effective interest method. The amount of the convertible note classified as equity is $16 and has been recorded in contributed surplus.

c. **December 26, 2014, convertible promissory note:**

On December 26, 2014, the Company issued a convertible promissory note for $500 to the same note holder as the December 12, 2014 convertible note. Simple interest is payable at maturity at an annual rate of 18%. The note is convertible into 8,333,333 common shares of the Company at any time at the option of the holder. Under the terms of the note, the accrued interest payable on any converted principal balances will be waived at the time of conversion. The note also includes 1,666,667 detachable warrants to purchase Class A common shares at a per share price of C$0.07 that expire on December 26, 2017. The note is secured by a first priority position security interest in the Company's amounts receivable and its two aircraft. The noteholder has a general security interest in the remaining assets of the Company on a pari pasu basis with the February 2014 convertible note holders. Any unconverted principal and accrued interest balance is payable at maturity on March 31, 2015. The Company has the option upon thirty days' notice, to repay the note at 105% of the outstanding principal balance. The fair value of the prepayment option at December 31, 2014 was $Nil. At December 31, 2014, $1 of accrued interest is included in accrued liabilities.

The convertible note represents a hybrid instruments that needs to be bifurcated between its liability and equity components. The warrant and note are considered liabilities and the conversion option is equity. In determining the fair value of the warrant liability, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate of 114.8%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.863. The value of $100 was established on December 26, 2014. The fair value of the convertible note at December 26, 2014 was determined to be $286 net of transaction costs of $31. The estimated discount rate is 47% which is subject to estimation uncertainty. The discount to the convertible note is being amortized over the term of the note using the effective interest method. The amount of the convertible note classified as equity is $83 and has been recorded in contributed surplus.

9. Notes payable:

Notes payable includes a promissory note with a service provider. The note bears interest at 8% per annum and is secured by a last priority lien on an aircraft owned by the Company. As of December 31, 2014, the balance of the note is $1,168.

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 will be received in quarterly installments through the second quarter of 2016.

During the nine months ended December 31, 2014, the first three quarterly installments totaling $130 were received. The funding is repayable upon the completion of a specific development project and the first sale of any of the resulting product(s). Repayment is to be made in quarterly installments equal to the lesser of 20% of the funding amount or 25% of the prior quarter's sales.

		December 31, 2014		December 31, 2013
Promissory note payable	$	1,168	$	1,120
Reimbursable project funding		122		68
		1,290		1,188
Less current portion		(1,168)		(1,188)
	$	122	$	-

10. Finance lease liabilities:

Finance lease liabilities are payable as follows:

	December 31, 2014			December 31, 2013		
	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)	$ 150	$ 19	$ 131	$ 142	$ 27	$ 115
Between one and five years (long-term portion)	105	9	96	212	20	192
	$ 255	$ 28	$ 227	$ 354	$ 47	$ 307

(1) Interest rate ranging from 7.48% to 8.20%.
(2) Interest rate ranging from 8.20% to 12.93%.

In December 2014, the Company entered into a finance lease to purchase $35 of new telephone equipment (computer hardware). The lease bears interest at an implicit rate of 7.48% and is secured by the underlying assets. The lease matures in December 2019.

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.

11. Revenue:

Details of revenue are as follows:

For the twelve months ended December 31,		2014		2013
Mapping services	$	2,886	$	18,041
Professional services		869		1,034
Data licenses		3,275		3,915
3DBI software applications		1,224		1,452
	$	8,254	$	24,442

12. Operating costs:

Details of operating costs are as follows:

For the twelve months ended December 31,		2014		2013
Personnel	$	**12,096**	$	12,430
Purchased services & materials (1)		**5,532**		7,784
Travel		**1,025**		1,577
Facilities and other expenses (2)		**2,065**		1,306
	$	**20,718**	$	23,097

(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.

Details of finance costs are as follows:

Year ended December 31,		2014		(as restated - Note 5) 2013
Convertible note	$	**1,878**	$	839
Notes payable		**29**		64
Finance lease		**99**		48
	$	**2,006**	$	951

13. 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, 2014		(as restated - Note 5) December 31, 2013	
Class A common shares	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning of period:				
Unrestricted shares	**91,613,401**	**$ 194,337**	78,887,915	$ 189,263
Restricted shares held in escrow	**526,098**	**-**	526,098	-
Share-based compensation	**169,264**	**40**	210,010	81
Restricted shares released from escrow and cancelled	**(526,098)**	**-**	-	-
Issuance of common shares for conversion of convertible note	**-**	**-**	12,515,476	4,999
Securities issuance costs	**-**	**-**	-	(6)
Balance, end of period:	**91,782,665**	**$ 194,377**	92,139,499	$ 194,337
Components of issued shares:				
Unrestricted shares	**91,782,665**	**$ 194,377**	91,613,401	$ 194,337
Restricted shares held in escrow	**-**	**-**	526,098	-
	91,782,665	**$ 194,377**	92,139,499	$ 194,337

On June 11, 2014, 169,264 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $40 for these Class A common shares is included in operating costs (see Note 13(i)).

On March 13, 2014, 526,098 Class A common shares originally issued in 2011, pursuant to the five year employment agreement with the Company's Chief Executive Officer and held in escrow for release upon achievement of certain market performance conditions, were released from escrow and cancelled.

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 $1,997 and includes the accrued interest of $209 attributable to the principal balance converted of $999, and $789 for the proportionate share of the conversion option liability.

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 $3,002 and includes the accrued interest of $316 attributable to the principal balance converted of $1,501, and $1,185 for the proportionate share of the conversion option.

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 13(i)).

c. Contributed surplus:

		December 31, 2014		(as restated) December 31, 2013
Balance, beginning of period	**$**	**10,671**	$	10,222
Share-based compensation		**408**		449
Conversion option of convertible note		**704**		-
Issuance costs of convertible note		**(5)**		-
Deferred tax effect of convertible note		**(383)**		-
Balance, end of period	**$**	**11,395**	$	10,671

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 7,427,400 outstanding share options and 7,595,441 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, 2014, 727,139 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. At the Annual General and Special Meeting of the Shareholders on August 14, 2014, 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 4,000,000 to 8,000,000. As of December 31, 2014, 6,794,812 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, 2014, 9,178,267 Class A common shares were authorized under the plan, of which 7,427,400 share options are issued and outstanding and 1,750,867 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, 2014		December 31, 2013	
	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	**6,287,320**	**$ 0.55**	4,846,320	$ 0.82
Granted	**1,839,630**	**0.28**	1,930,000	0.40
Expired	**(462,550)**	**1.04**	(373,625)	3.18
Forfeitures	**(237,000)**	**0.33**	(115,375)	0.56
Options outstanding, end of period	**7,427,400**	**$ 0.46**	6,287,320	$ 0.55
Options exercisable, end of period	**4,398,592**	**$ 0.53**	3,850,154	$ 0.62

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.17	25,000	5.62 years	-
0.24	50,000	5.44 years	-
0.25	134,630	4.12 years	129,630
0.27	20,000	3.36 years	10,000
0.29	1,505,000	5.17 years	25,000
0.33	700,000	3.84 years	550,000
0.38	40,000	4.37 years	10,000
0.43	1,142,240	2.25 years	1,134,240
0.44	1,535,000	3.78 years	627,500
0.46	778,230	2.96 years	583,672
0.48	450,000	2.01 years	337,500
0.50	450,000	1.93 years	450,000
0.66	300,000	1.81 years	243,750
1.60	51,000	0.98 years	51,000
1.84	246,300	0.99 years	246,300
	7,427,400	3.36 years	4,398,592

During the twelve months ended December 31, 2014, 1,839,630 (year ended December 31, 2013 – 1,930,000) options were granted at a weighted-average grant date fair value of C$0.22 per share (year ended December 31, 2013 – C$0.31), determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: share price equal to the TSX closing price on the date of grant, expected dividend yield 0% (year ended December 31, 2013 – 0%), risk-free interest rate ranging from 1.02% to 1.97% (year ended December 31, 2013 – 1.41% to 2.13%), volatilities ranging from 98.9% to 108.9% (year ended December 31, 2013 – 94.6% to 103.0%), and expected lives of five to six years. Volatilities are calculated based on the actual historical trading statistics of the Company's Class A common shares for the period commensurate with the expected option term. The estimated forfeiture rate was 5.43% (year ended December 31, 2013 – 5.43%).

h. Long-term incentive plan:

During the third quarter of 2014, the Board of Directors approved the terms of a long-term incentive plan (LTIP) intended to retain and compensate senior management of the Company. The LTIP is a share-based payments plan, based on the average stock price of the Company during the last quarter of the year ended December 31, 2015, and includes the award of up to 2,398,000 common shares to be issued as equity-settled share-based compensation and up to 3,597,000 common shares to be settled in either cash or common shares, at the discretion of the Board of Directors. Any awards settled in cash will be paid 50% of the earned award on March 31, 2016 and 50% of the earned award on March 31, 2017, subject to predetermined working capital thresholds. To receive the awards, the eligible employees must be employed by the Company on the scheduled payment dates.

The fair value of the awards is subject to estimation uncertainty and was calculated using a Monte Carlo simulation model with the following assumptions: expected dividend yield 0%, risk-free interest rate of 1.02%, volatility of 94.35%, grant date of August 8, 2014 and expiration date of December 31, 2015. Volatilities are calculated based on the actual historical trading statistics of the Company's Class A common shares with a 1.4 year historical look back, commensurate with the term of the LTIP.

The grant date fair value of the equity-settled portion of the LTIP was $133 and is charged to non-cash compensation expense over the service period, which ends March 31, 2016, with a corresponding charge to contributed surplus. For the year ending December 31, 2014, $31 has been charged to non-cash compensation expense and as of December 31, 2014, $31 is included in contributed surplus.

The grant date fair value of the optional settlement portion of the LTIP was $88 for the 50% that will be paid in 2016 and $81 for the 50% that will be paid in 2017, subject to predetermined working capital thresholds, and was determined using a discount rate of 8.97%. The fair value of the amount estimated to be payable to employees under the optional settlement portion of the LTIP is charged to non-cash compensation expense with a corresponding increase in liabilities, over the service period, and will be re-measured to the current fair value at each reporting date. Any changes in the liability are recognized in profit or loss. For the year ended December 31, 2014, $6 has been charged to non-cash compensation expense and as of December 31, 2014, $6 is included in other long-term liabilities.

i. Share-based compensation expense:

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

For the twelve months ended December 31,		**2014**		2013
Employees	**$**	**389**	$	353
Non-employees		**65**		177
Non-cash compensation	**$**	**454**	$	530

14. Class A common share purchase warrants:

The following table details the number of Class A common share purchase warrants outstanding at each balance sheet date.

Grant Date	Expiry Date	Exercise Price (CDN)	Granted	Expired	Number of Warrants Outstanding
January 1, 2013					19,050,000
December 31, 2013					19,050,000
2/7/2014	2/7/2017	$ 0.56	3,091,572	-	3,091,572
4/28/2011	4/28/2014	$ 0.40	-	(1,225,000)	(1,225,000)
4/28/2011	4/28/2014	$ 0.48	-	(16,125,000)	(16,125,000)
12/12/2014	12/12/2017	$ 0.10	1,137,202	-	1,137,202
12/26/2014	12/26/2017	$ 0.07	1,666,667	-	1,666,667
December 31, 2014			**5,895,441**	**(17,350,000)**	**7,595,441**

The following table details the value of the broker and non-broker Class A common share purchase warrants outstanding at each balance sheet date.

	Non-Broker		Broker		Total	
	Number of Warrants	Value	Number of Warrants	Value[1]	Number of Warrants	Value
Balance at January 1, 2013	17,825,000	$ 3,083	1,225,000	$ -	19,050,000	$ 3,083
Revaluation	-	(1,797)	-	-	-	(1,797)
Balance at December 31, 2013	17,825,000	$ 1,286	1,225,000	$ -	19,050,000	$ 1,286
Issued	5,895,441	830	-	-	5,895,441	830
Expired	(16,125,000)	(34)	(1,225,000)	-	(17,350,000)	(34)
Revaluation	-	(1,856)	-	-	-	(1,856)
Balance at December 31, 2014	7,595,441	$ 226	-	$ -	7,595,441	$ 226

(1) Non-broker warrants were accounted for as part of share capital.

Each warrant entitles its holder to purchase one Class A common share. The warrants are denominated in Canadian dollars, a currency different from the Company's functional currency. The non-broker warrants are recognized as a financial liability at fair value through profit and loss.

On December 31, 2013, the non-broker warrants issued in 2011 and 2012 were re-valued to $1,286 using the Black-Scholes option pricing model with the following assumptions: exercise price of $0.31-$0.48; average volatility rate of 89.2%-120.2%; risk-free interest rate of 1.07%; expected life of 5-18 months; and an exchange rate of 0.940. On January 1, 2013, the non-broker warrants issued in 2011 and 2012 were re-valued to $3,083 using the Black-Scholes option pricing model with the following assumptions: exercise price of $0.31-$0.48; average volatility rate of 113.7%-123.9%; risk-free interest rate of 1.10%; expected life of 17-30 months; and an exchange rate of 1.005.

In determining the fair value of the non-broker warrants issued on February 7, 2014, the Company used the Black-Scholes option pricing model with the following assumptions: exercise price of $0.56; average volatility rate of 109.3%; risk-free interest rate of 0.98%; expected life of three years; and an exchange rate of 0.904. The value of $673 was established on February 7, 2014 and subsequently revalued to $97 on December 31, 2014 utilizing the Black-Scholes option pricing model with the following assumptions: exercise price of $0.08; average volatility rate of 115.8%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.862.

In determining the fair value of the non-broker warrants issued on December 12, 2014, the Company used the Black-Scholes option pricing model with the following assumptions: exercise price of $0.10; average volatility rate of 109.4%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.871. The value of $57 was established on December 12, 2014 and subsequently revalued on to $39 December 31, 2014 utilizing the Black-Scholes option pricing model with the following assumptions: exercise price of $0.10; average volatility rate of 116.7%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.862.

In determining the fair value of the non-broker warrants issued on December 26, 2014, the Company used the Black-Scholes option pricing model with the following assumptions: exercise price of $0.07; average volatility rate of 114.8%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.863. The value of $100 was established on December 26, 2014 and subsequently revalued to $63 on December 31, 2014 utilizing the Black-Scholes option pricing model with the following assumptions: exercise price of $0.07; average volatility rate of 116.0%; risk-free interest rate of 1.02%; expected life of three years; and an exchange rate of 0.862.

15. Income taxes:

a. Current tax (expense) recovery:

December 31		2014		2013
Current period	$	-	$	(28)
Adjustment for prior periods		-		-
	$	-	$	(28)

b. Deferred tax recovery:

December 31		2014		2013
Origination and reversal of temporary differences	$	383	$	-

During 2014, the Company recognized $383 (2013 - nil) 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		2013
Losses, excluding income tax	$	(12,420)	$	(13,501)
Tax rate		25.0%		25.0%
Expected Canadian income tax recovery	$	3,105	$	3,375
Decrease resulting from:				
Change in unrecognized temporary differences		(4,417)		(4,946)
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries		1,595		1,752
Non-deductible expenses and non-taxable income		183		(207)
Adjustment for prior years income tax matters		2		(4)
Other		(85)		2
	$	383	$	(28)

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, 2014 and 2013, are as follows:

	Assets		Liabilities		Net	
December 31,	2014	2013	2014	2013	2014	2013
Property and equipment	$ -	$ -	$ 209	$ 677	$ 209	$ 677
Convertible note	-	-	132	-	132	-
Tax loss carryforwards	(341)	(677)	-	-	(341)	(677)
Tax (assets) liabilities	$ (341)	$ (677)	$ 341	$ 677	$ -	$ -
Set off of tax	341	677	(341)	(677)	-	-
Net tax (assets) liabilities	$ -	$ -	$ -	$ -	$ -	$ -

e. Unrecognized deferred tax assets:

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

December 31		2014		2013
Deductible temporary differences	$	18,327	$	19,222
Tax loss carryforwards		205,521		194,237
	$	223,848	$	213,459

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, 2014 approximately $206,600 of loss carry forwards and $2,210 of tax credits were available in various jurisdictions. A summary of losses by year of expiry are as follows:

Twelve months ended December 31,	
2015	2,816
2018	3,135
2020-2034	200,649
	$ 206,600

f. Movement in deferred tax balances during the year:

	Balance at December 31, 2013	Recognized in Profit and Loss	Recognized in Equity	Balance at December 31, 2014
Property and equipment	$ 677	$ (468)	$ -	**$ 209**
Convertible note	-	132	-	**132**
Tax loss carryforwards	(677)	336	-	**(341)**
Net tax (assets) liabilities	$ -	$ -	$ -	**$ -**

16. 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:

2015	$ 795
2016	482
2017	117
2018	118
2019	120
2020	100
	$ 1,732

During the twelve months ended December 31, 2014, the Company recognized $1,114 (December 31, 2013 - $413, which included a facility closure provision reversal of $678) in operating lease expense for office space.

17. 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,	**2014**	2013
United States	**$ 4,499**	$ 7,317
Asia/Pacific	**2,424**	15,544
Europe	**1,331**	1,581
	$ 8,254	$ 24,442

Property and equipment of the Company are located as follows:

December 31,	**2014**	2013
Canada	**$ 200**	$ 96
United States	**2,609**	3,263
Asia/Pacific	**7**	9
Europe	**17**	10
	$ 2,833	$ 3,378

Intangible assets are located in 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,		2014		2013
Customer A	$	**2,873**	$	4,580
Customer B		**986**		24
Customer C		**14**		13,453
	$	**3,873**	$	18,057

18. 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 35 percent of the Company's revenue is attributable to transactions with one key customer (year ended December 31, 2013 - 19 percent of the revenue was attributable to the same customer), and approximately 45 percent of the Company's trade amounts receivable at year end are attributable to customers located in Asia/Pacific (December 31, 2013 – approximately 76 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, 2014, and December 31, 2013, consist of:

	December 31, 2014	December 31, 2013
Trade amounts receivable	**$ 1,386**	$ 6,245
Employee receivables	**9**	9
Other miscellaneous receivables	**70**	180
Allowance for doubtful accounts	**(12)**	-
	$ 1,453	$ 6,434

Trade amounts receivable by geography consist of:

	December 31, 2014	December 31, 2013
United States	**$ 454**	$ 414
Canada	**59**	214
Asia/Pacific	**620**	4,765
Europe	**253**	852
	$ 1,386	$ 6,245

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

	December 31, 2014	December 31, 2013
Current	**$ 760**	$ 4,782
31-60 days	**48**	88
61-90 days	**14**	104
Over 91 days	**564**	1,271
	$ 1,386	$ 6,245

As of December 31, 2014, $578 of trade amounts receivable (December 31, 2013 - $1,375) were past due. The balance of the past due amounts relates 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, 2014, 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, Malaysian ringgit and Australian dollar. 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, 2014, are as follows:

(in USD)	Australian Dollar	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Malaysian Ringgit
Cash and cash equivalents	$ -	$ (4)	$ 5	$ -	$ 13	$ 23	$ -
Amounts receivable	53	81	17	139	-	80	66
Accounts payable and accrued liabilities	(11)	(478)	(188)	(725)	(152)	(124)	-
	$ 42	$ (401)	$ (166)	$ (586)	$ (139)	$ (21)	$ 66

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

Based on the net exposures at December 31, 2014 and 2013, 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, 2014 (in USD)	Australian Dollar	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Malaysian Ringgit
United States dollar:							
Depreciates 10%	$ (4)	$ 40	$ 17	$ 59	$ 14	$ 2	$ (7)
Appreciates 10%	4	(40)	(17)	(59)	(14)	(2)	7

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)

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, 2014, or December 31, 2013.

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, 2014, the Company has a cash and cash equivalent balance of $537 (year ended December 31, 2013 – $2,420) and working capital of negative $8,748 (year ended December 31, 2013 – positive $2,593). All of the Company's financial liabilities, other than notes payable, obligations under finance leases, and other long-term liabilities 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, 2014:

	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	$ 2,749	$ -	$ 1,036	$ -	$ -
Warrant liabilities[(1)]	226	-	-	-	-
Convertible Note	5,500	500	-	-	-
Note payable	1,168	-	-	122	-
Other long-term liabilities	-	-	-	3	3
Obligations under finance leases	38	38	75	79	26
	$ 9,681	$ 538	$ 1,111	$ 204	$ 29

(1) The warrant liabilities are 100% vested and can be exercised by the holders at any time; however, the obligation is non-cash and will be settled in equity (see Note 14).

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	$	-	$	-
Warrant liabilities[(1)]		1,286		-		-		-		-
Note payable		600		228		380		-		-
Obligations under finance leases		35		35		71		142		71
	$	4,883	$	463	$	1,242	$	142	$	71

(1) The warrant liabilities are 100% vested and can be exercised by the holders at any time; however, the obligation is non-cash and will be settled in equity (see Note 14).

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, 2014, was negative $6,219 (December 31, 2013 – positive $5,885). 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.

19. Fair values:

a. Fair value:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the Consolidated Balance Sheet:

	December 31, 2014				December 31, 2013				January 1, 2013			
		Carrying Amount		**Fair Value**		**Carrying Amount**		**Fair Value**		**Carrying Amount**		**Fair Value**
Financial assets												
Loans and receivables:												
Cash and cash equivalents	**$**	**537**	**$**	**537**	$	2,420	$	2,420	$	2,055	$	2,055
Accounts receivable		**1,453**		**1,453**		6,434		6,434		5,735		5,735
	$	**1,990**	**$**	**1,990**	$	8,854	$	8,854	$	7,790	$	7,790
Financial liabilities												
Derivative financial liabilities at fair value through profit and loss:												
Non-broker warrants	**$**	**226**	**$**	**226**	$	1,286	$	1,286	$	3,083	$	3,083
Conversion option liability		**-**		**-**		-		-		1,994		1,994
Other financial liabilities:												
Convertible notes		**5,313**		**5,313**		-		-		1,918		1,918
Accounts payable and accrued liabilities		**3,785**		**3,785**		3,953		3,953		4,747		4,747
	$	**9,324**	**$**	**9,324**	$	5,239	$	5,239	$	11,742	$	11,742

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

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

- Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and provisions approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Convertible notes are evaluated by the Company based on parameters such as interest rates and the risk characteristics of the instrument.
- The fair value of the non-broker warrants are estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate (see Note 14).
- The fair value of the conversion option liability at January 1, 2013 was estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate and considering the impact of the interest being waved upon conversion. In determining the fair value of the conversion option, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate of 128.8%; risk-free interest rate of 1.10%; expected life of half a year; and a strike price of $0.21.

b. Fair value hierarchy:

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 of financial instruments recorded at fair value on the Consolidated Balance Sheet are as follows:

	December 31, 2014			December 31, 2013			January 1, 2013		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities									
Non-broker warrants	**$ -**	**$ 226**	**$ -**	$ -	$ 1,286	$ -	$ -	$ 3,083	$ -
Conversion option liability	**-**	**-**	**-**	-	-	-	-	1,994	-

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

20. 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 13).

As of December 31, 2014, the Chief Executive Officer and Chief Financial Officer are each entitled to 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 13).

The following summarizes key management personnel and directors compensation for the years ended December 31, 2014 and 2013:

Year ended December 31,		**2014**		2013
Short-term employee benefits	**$**	**1,414**	$	1,658
Share-based payments		**204**		323
LTIP		**37**		-
	$	**1,655**	$	1,981

The following summarizes key management personnel and directors share ownership of the Company as of December 31, 2014 and 2013:

December 31,	**2014**	2013
Number of Class A Common shares held	**1,931,679**	1,854,652
Percentage of total Class A Common shares issued	**2.10%**	2.01%

21. Subsequent events:

On January 6, 2015, the Company issued warrants to purchase up to 4,597,443 common shares of the Company to certain holders of previously-issued promissory notes and warrants. The warrant issuance was in consideration for the release by the note holders of a first priority lien in certain of the Company's secured assets and the sharing of security on the remainder of the Company's assets, on a pro-rata basis, with a new lender under a debt financing completed December 26, 2014. The new warrants are exercisable into common shares at $0.08 per share until February 6, 2017.

On January 14, 2015, the Company issued a promissory note for $500. Simple interest is payable at maturity at an annual rate of 18%. The note also includes 6,000,000 detachable warrants to purchase Class A common shares of the Company, of which 1,469,834 warrants have been issued at a per share price of C$0.08 and expire on January 21, 2018. The note is secured on a pari pasu basis with the other note holders by a general security interest in all of the assets of the Company. The principal and accrued interest balance is payable at maturity on January 14, 2016. The Company has the option upon sixty days' notice, to repay the note at 118% of the outstanding principal balance.

On January 15, 2015, the Company amended the exercise price to C$0.08 per share for outstanding warrants to purchase 4,791,572 common shares of the Company. The original number of underlying shares and exercise price of these warrants was (i) 3,091,572 common shares with an exercise price of C$0.56 per share, and (ii) 1,700,000 common shares with an exercise price of C$0.31 per share. Other than the exercise price, the original terms of these warrants remain unchanged. The amendment to the warrant exercise price was given as consideration for the release by the warrant holders of a first priority lien in certain of the Company's secured assets and the sharing of security on the remainder of the Company's assets on a pro-rata basis with the new lender under the Company's debt financing completed on December 26, 2014.

On February 25, 2015, the Company entered into promissory note totaling $7,300 that will mature 12 months from the date of issuance. Simple interest is payable at maturity at an annual rate of 25.0%. As additional consideration for the note, the Company entered into a royalty agreement, pursuant to which the Company agreed to pay a 17.5% royalty on its net revenues. Under the terms of the financing, the debt holder assumed the obligations of an outstanding $5,000 convertible note (plus accrued interest of $800), which was issued on February 6, 2014, and became due on February 6, 2015. The debt holder subsequently retired the February 6, 2014 note obligation, and the 12,367,054 conversion shares associated with the note were cancelled. The note is subject to a prepayment right by the Company at 125% of the principal amount at any time, subject to a 30 day notice period.

Corporate Information

BOARD OF DIRECTORS

Todd A. Oseth
President and CEO
Intermap Technologies
Colorado, USA

Larry G. Garberding
Chairman
Michigan, USA

Donald R. Gardner
Director
Alberta, Canada

Dr. John C. Curlander
Director
Colorado, USA

L. David Sikes
Director
California, USA

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STOCK EXCHANGE

INTERMAP STOCK IS LISTED
ON THE TORONTO STOCK
EXCHANGE UNDER THE
SYMBOL "IMP."

OFFICERS AND KEY PERSONNEL

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President and CEO

Richard L. Mohr
Senior Vice President and CFO

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