INTERMAP®

Intermap Technologies Corporation
Second Quarter Ended June 30, 2016

Intermap Reports 2016 Second Quarter Financial Results

All amounts are in United States dollars unless otherwise noted.

DENVER – August 12, 2016 (TSX: IMP) – Intermap Technologies Corporation ("Intermap" or the "Company") today reported financial results for the second quarter ended June 30, 2016. A conference call will be held today, August 12th, at 11:00 a.m. Eastern Time to discuss the results.

All amounts in this news release are in United States dollars unless otherwise noted.

Intermap reported total revenue of $0.9 million for the second quarter of 2016, a 20% increase from $0.7 million in the second quarter of 2015. The majority of the year-over-year increase in revenue was from increased data licensing and InsitePro software sales. Net operating loss for the second quarter of 2016 was $3.5 million, compared to a net operating loss of $4.4 million for the second quarter of 2015. Second quarter adjusted EBITDA, a non IFRS financial measure, was a loss of $3.3 million, an improvement from an adjusted EBITDA loss of $3.7 million for the same period in 2015. Adjusted EBITDA excludes share-based compensation, change in value of derivative instruments, and gain or loss on foreign currency translation.

"During the quarter we supported efforts to obtain the project financing associated with a $175 million spatial data infrastructure (SDI) contract that we announced in February of this year. Although Intermap is not responsible for the project financing on this contract, we provide support to our client in connection with their negotiation of final financing terms," said Todd Oseth, President & CEO of Intermap. "If and when project financing is completed, we will issue a detailed press release. We believe this award can be a catalyst to close other large Orion Platform government implementations in the future, as well as promote Intermap's location based Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) product offerings for the enterprise sector."

Mr. Oseth added, "During the second quarter we continued to see expanded interest in our InsitePro™ user base in the US. Our risk based customers have expressed significant interest in InsitePro's capabilities and the fact that we can customize the application for proprietary risk scoring to suit their individual needs. In addition to the expansion of our software business, we also received repeat business for further data acquisition in North America. The expanded contract was for $2.6 million and further task orders to expand this project are expected. The flying portion of this contract is now complete, ahead of schedule and under budget. Our data acquisition results surpass our published specifications. We continue to create a high quality dataset for this customer."

FINANCIAL REVIEW

Consolidated revenue for the second quarter of 2016 totaled $0.9 million and included (i) $0.1 million in mapping services, (ii) $0.1 million in professional services, (iii) $0.4 million in data licensing, and (iv) $0.3

million in software licensing. For the same period in 2015, consolidated revenue totaled $0.7 million and included (i) $0.1 million in mapping services, (ii) $0.1 million in professional services, (iii) $0.3 million in data licensing, and (iv) $0.2 million in 3DBI software licensing. Contract backlog at the end of the quarter totaled $3.5 million.

For the second quarter of 2016, personnel expense was $2.6 million, compared to $3.0 million in the same period last year. The decrease was primarily due to reduced personnel in all of the Company's locations.

For the second quarter of 2016, purchased services and materials expense was flat at $1.2 million when compared to the same period last year. Purchased services and materials includes (i) aircraft related costs, including jet fuel, (ii) professional and consulting costs, (iii) third-party support services related to airborne data collection efforts, processing and editing of the Company's data collection efforts, and (iv) software expenses (including maintenance and support).

The cash position of the Company at June 30, 2016 (cash, restricted cash, and cash equivalents) was $0.3 million, compared to $0.8 million at December 31, 2015. Subsequent to the close of the second quarter, Intermap completed a $2.0 million promissory note with Vertex One Asset Management ("Vertex") bearing interest at 15% per annum and maturing on the earlier of (i) July 8, 2017, or (ii) the date on which a down payment from a material geospatial project is received by the Company. Amounts receivable and unbilled revenue at June 30, 2016 was $0.7 million, compared to $2.3 million at December 31, 2015. Working capital was negative $29.1 million at June 30, 2016, compared to negative $16.6 million at December 31, 2015.

Vertex has been the primary funding partner for Intermap beginning in February 2015. Since that time they have provided $21.3 million of debt financing and have restructured the terms of such outstanding debt on three separate occasions. The maturities of the outstanding debt occur (i) $9.1 million, plus accrued interest, on August 24, 2016 (ii) $13.1 million, plus accrued interest, on October 11, 2016, and (iii) $2.0 million, plus accrued interest, on either July 8, 2017, or the date on which a down payment from a material geospatial project is received by the Company. Intermap has historically relied on Vertex to provide debt financing and also to restructure debt maturities and other terms of the debt until such time that cash proceeds from operations are sufficient to repay the outstanding debt. There is no guarantee that additional financing, from Vertex or otherwise, will continue to be available. (see "Intermap Reader Advisory" below).

Detailed financial results and management's discussion and analysis can be found on SEDAR at: www.sedar.com.

SECOND QUARTER BUSINESS HIGHLIGHTS

- On, June 13, 2016, Intermap announced that the Channel Syndicate (Channel) had subscribed to InsitePro for underwriting of United States flood insurance. Channel underwrites in the Lloyd's insurance marketplace and will be using InsitePro to provide reliable location-based risk assessments in the US. In the United States, Channel conducts business through multiple Managing General Agents (MGAs), requiring a disciplined approach to underwriting and pricing. By using an InsitePro risk score as a common understanding of risk between the underwriters in London and the MGAs, Channel can better maintain that discipline.

- On May 13, 2016, Intermap announced that the Company was awarded a US $2.6 million contract for an airborne radar mapping services solution. Intermap is using its proprietary Interferometric Synthetic Aperture Radar (IFSAR) technology to collect orthorectified radar imagery and high resolution elevation data to enhance the customer's existing geospatial map database. This new dataset will be used for improved disaster planning, resource management, security interests, and infrastructure planning. The project commenced in June 2016 and the final deliveries of the dataset are expected to be substantially complete by the end of the year 2016.
- On April 15, 2016 Intermap announced that it had entered into an agreement with its senior lender, pursuant to which three of its outstanding promissory notes, which were to become due and payable in April 2016, were restructured and consolidated, together with an additional advance of $5,000,000, into a new promissory note that bears interest at 15% per annum, with a maturity date of October 11, 2016.

The material terms of the debt restructuring are as follows (all $ amounts shown are in USD):

- Promissory note dated April 1, 2015 (the "First Note"), in the principal amount of $1,500,000, bearing interest at 20% per annum ($309,041 in accrued interest), was cancelled.
- Promissory note dated April 27, 2015 (the "Second Note"), in the principal amount of $2,500,000, bearing interest at 20% per annum ($479,452 in accrued interest), was cancelled.
- Promissory note dated July 9, 2015 (the "Third Note"), in the principal amount of $3,000,000, bearing interest at 15% per annum ($341,506 in accrued interest), was cancelled.
- The principal amounts and accrued interest due under the First Note, the Second Note and the Third Note were restructured and consolidated, together with an additional $5,000,000 debt financing, into a new note dated April 12, 2016 (the "Restructured Note"), in the principal amount of $13,130,000, bearing interest at 15% per annum, with a maturity date of October 11, 2016, subject to a prepayment right by the Company at 107.5% of the principal amount at any time upon delivery of a 30 day prior written notice.
- The Restructured Note is secured by way of a first priority lien over all of the assets of the Company.

With this financial restructuring, the total principal amount of the Company's debt obligations to its senior lender at June 30, 2016 amounts to $22,255,000. $9,125,000 of such debt has a maturity date of August 24, 2016 and the remainder, as detailed above, has a maturity date of October 11, 2016.

The Company announced that it intended to use the proceeds of the debt financing for general corporate purposes and preparatory work, including logistical set up, in support of its previously announced Spatial Data Infrastructure (SDI) project related activities.

As of August 12, 2016, there were 101,344,582 common shares outstanding.

As of August 12, 2016, potential dilutive securities include (i) 7,915,720 outstanding share options in the Company's share option plan with a weighted average exercise price of C$0.38, and (ii) 24,713,130 warrants outstanding with a weighted average exercise price of C$0.08.

Each option and warrant entitles the holder to purchase one Class A common share.

Important factors, including those discussed in the Company's regulatory filings (www.sedar.com) could cause actual results to differ from the company's expectations and those differences may be material. Detailed financial results and management's discussion and analysis can be found on SEDAR at: www.sedar.com.

Management's Discussion and Analysis

For the quarter ended June 30, 2016

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 August 10, 2016, and should be read together with the Company's unaudited Condensed Consolidated Interim Financial Statements and the accompanying notes for the three and six-months ended June 30, 2016 and the audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014, together with the accompanying notes. 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 expressions suggesting future outcomes, and include statements that actions, events, or conditions "may," "would," "could," or "will" be taken or occur in the future. These forward-looking statements may be based on assumptions and expectations regarding the nature and success of negotiations to finalize the terms of project financing on an existing spatial data infrastructure ("SDI") contract; the Company's ability to carry out SDI programs; geopolitical and country-based risks of SDI contract jurisdictions; and the expectation that the risks outlined in the Company's most recent Annual Information Form will not materialize in a manner materially detrimental to the Company. Intermap considers these assumptions and expectations 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) down payments on material contracts will occur within a reasonable period of time after contract completion; (iii) the continued sales success of Intermap's products and services; (iv) the continued success of business development activities; (v) there will be no significant delays in the development and commercialization of the Company's products; (vi) the Company will continue to maintain sufficient and effective production and software development capabilities to compete on the attributes and cost of its products; (vii) there will be no significant reduction in the availability of qualified and cost-effective human resources; (viii) the continued existence and productivity of subsidiary operations; (ix) new products and services will continue to be added to the Company's portfolio; (x) demand for geospatial related products and services will continue to grow in the foreseeable future; (xi) there will be no significant barriers to the integration of the Company's products and services into customers' applications; (xii) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements, and (xiii) superior technologies/products do not develop that would render the Company's current product offerings obsolete.

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

BUSINESS OVERVIEW

Intermap is a global geospatial information company, creating a wide variety of geospatial solutions and analytics 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, SDI projects, 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, land management, 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 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 geospatial 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 often 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, Hawaii, portions of Alaska, and significant areas in Southeast Asia. Intermap also has 30-meter and 10-meter products available for the entire world, called NEXTMap World 30™ and 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	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue:				
Mapping services	**$ 0.1**	$ 0.1	**$ 0.3**	$ 0.4
Professional services	**0.1**	0.1	**0.2**	0.2
Data licenses	**0.4**	0.3	**1.1**	0.6
3DBI software applications	**0.3**	0.2	**0.7**	0.5
Total revenue	**$ 0.9**	$ 0.7	**$ 2.3**	$ 1.7
Operating loss	**$ (3.5)**	$ (4.4)	**$ (6.2)**	$ (8.3)
Change in fair value of derivative instruments	**$ 0.7**	$ (3.7)	**$ 0.8**	$ (3.7)
Financing costs	**$ (1.0)**	$ (0.9)	**$ (7.6)**	$ (2.0)
Net loss	**$ (3.8)**	$ (9.0)	**$ (13.1)**	$ (13.9)
EPS basic and diluted	**$ (0.04)**	$ (0.10)	**$ (0.13)**	$ (0.15)
Adjusted EBITDA	**$ (3.3)**	$ (3.7)	**$ (5.6)**	$ (7.3)

Assets:	June 30, 2016	June 30, 2015
Cash, restricted cash, amounts receivable, and unbilled revenue	**$ 0.9**	$ 2.1
Total assets	**$ 2.8**	$ 5.3
Liabilities:		
Long-term liabilities (including finance lease obligations)	**$ 7.7**	$ 0.8
Total liabilities	**$ 38.0**	$ 23.1

Revenue

Quarterly Revenue

Consolidated revenue for the quarter ended June 30, 2016 totaled $0.9 million, compared to $0.7 million for the same period in 2015, representing a 20% increase. As of June 30, 2016, there remained $3.4 million in revenue from existing contracts ($2.5 million in mapping services, $0.6 million in professional services and $0.3 million in 3DBI software applications contracts) to be recognized in future periods.

Mapping services revenue for the quarters ended June 30, 2016 and 2015 remained consistent at $0.1 million for both periods, and relates to similar acquisition projects in North America.

Professional services revenue for the quarters ended June 30, 2016 and 2015 totaled $0.1 million. The revenue primarily relates to an ongoing project in Australia for both periods.

Data licensing revenue for the quarter ended June 30, 2016 totaled $0.4 million compared to $0.3 million for the same period in 2015. The slight increase was primarily the result of timing of data sales.

3DBI software applications revenue was $0.3 million for the quarter ended June 30, 2016, an increase from $0.2 million for the same period in 2015. The increase was primarily due to new 3DBI software application contracts in 2016 for the Company's risk management software application.

Year-to-date Revenue

On a year-to-date basis, consolidated revenue increased from $1.7 million during the six months ended June 30, 2015 to $2.3 million during the same period in 2016, representing a 37% increase.

Mapping services revenue for the six-month period ended June 30, 2016 totaled $0.3 million, compared to $0.4 million for the same period in 2015. Revenue for both periods relates to the timing of progress on similar sized acquisition projects in North America.

Professional services revenue for the six-months ended June 30, 2016 and 2015 totaled $0.2 million. The revenue relates primarily to an ongoing project in Australia for both periods.

Data licensing revenue for the six-month period ended June 30, 2016 was $1.1 million, an increase from the same period in 2015 which totaled $0.6 million. The increase was primarily the result of large sales of the Company's NEXTMap USA and Asia datasets during 2016.

3DBI software applications revenue increased for the six-month period ended June 30, 2016 to $0.7 million from $0.5 million for the same period in 2015. The increase was primarily due to new 3DBI software application contracts in 2016 for the Company's risk management software application.

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:

	For the three months ended June 30,		For the six months ended June 30,	
U.S. $ millions	**2016**	2015	**2016**	2015
Personnel	**$ 2.6**	$ 3.0	**$ 5.3**	$ 6.0
Purchased services & materials	**1.1**	1.2	**1.9**	2.3
Facilities and other expenses	**0.3**	0.5	**0.7**	0.9
Travel	**0.1**	0.1	**0.1**	0.3
	$ 4.1	$ 4.8	**$ 8.0**	$ 9.5

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. Personnel expense for the quarters ended June 30, 2016 and 2015, totaled $2.6 million and $3.0 million, respectively. For the six-month periods ended June 30, 2016 and 2015, personnel expense was $5.3 million and $6.0 million, respectively. The 12% year-overyear decrease in personnel expense is primarily due to decreases associated with fewer personnel in all of the Company's locations.

Consolidated active employee headcount was 154 (including 59 in Jakarta, Indonesia) at June 30, 2016, a 6% decrease from 163 (including 67 in Jakarta, Indonesia) at June 30, 2015. The decrease in personnel on a year-over-year basis was the result of reductions in (i) sales and marketing 7%, or 1 personnel; (ii) software development 6%, or 1 personnel; and (iii) operations 7%, or 7 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 quarters ended June 30, 2016 and 2015, totaled $19 thousand and $0.4 million, respectively. Non-cash compensation for the six-month periods ended June 30, 2016 and 2015, totaled $0.2 million and $0.5 million, respectively. The year-over-year decrease in both the quarter and six-month period was due to an expense of the Company's long-term incentive plan of $20 thousand for the six month period ended June 30, 2016, compared to an expense of $0.3 million during the same period in 2015.

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 quarters ended June 30, 2016 and 2015, PS&M expense was $1.1 million and $1.2 million, respectively. For the six-month periods ended June 30, 2016 and 2015, PS&M expense was $1.9 million and $2.3 million, respectively. The decrease in both the three and six-month periods is due to decreases in royalty and subcontractor expenses.

Facilities and Other Expenses

For the quarters ended June 30, 2016 and 2015, facilities and other expenses were $0.3 million and $0.5 million, respectively. For the six-month periods ended June 30, 2016 and 2015, facilities and other expenses were $0.7 million and $0.9 million, respectively. The decreases in both periods was due to a decrease in rent expense due to operating cost adjustments and a SRED tax refund.

Travel

For the quarters ended June 30, 2016 and 2015, travel expense was $0.1 million for both periods. For the six-month periods ended June 30, 2016 and 2015, travel expense was $0.1 million and $0.3 million, respectively. The decrease in both periods is primarily due to a decrease in sales and marketing travel during 2016.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes, 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	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Net loss	**$ (3.8)**	$ (9.0)	**$ (13.1)**	$ (13.9)
Financing costs	**1.0**	0.9	**7.6**	2.0
Depreciation of property and equipment	**0.2**	0.2	**0.4**	0.4
EBITDA	**$ (2.6)**	$ (7.9)	**$ (5.1)**	$ (11.5)
Change in value of derivative instruments	**(0.7)**	3.7	**(0.8)**	3.7
Share-based compensation	**-**	0.4	**0.2**	0.5
Gain on foreign currency translation	**-**	0.1	**0.1**	-
Adjusted EBITDA	**$ (3.3)**	$ (3.7)	**$ (5.6)**	$ (7.3)

Adjusted EBITDA for the quarter ended June 30, 2016 was negative $3.3 million, compared to negative $3.7 million for the same period in 2015. The difference in the adjusted EBITDA loss is primarily attributable to an increase in revenue of $0.2 million and a decrease in operating costs of $0.7 million. Adjusted EBITDA for the six-month period ended June 30, 2016 was negative $5.6 million, compared to negative $7.3 million for the same period in 2015. The difference in the adjusted EBITDA loss is primarily attributable to an increase in revenue of $0.6 million and a decrease in operating costs of $1.5 million.

Financing Costs

Financing costs for the quarter ended June 30, 2016 totaled $1.0 million (six-month period $7.6 million), compared to $0.9 million (six-month period $2.0 million) for the same period in 2015. The increase in year-over-year financing costs is attributable to interest incurred, and accretion on, outstanding notes payable during 2016.

Depreciation of Property and Equipment

Depreciation expense for the quarter ended June 30, 2016 and 2015 was $0.2 million (six month period $0.4 million).

Derivative Instruments

The Company has issued non-broker warrants that are considered to be derivative liabilities as the warrants are exercisable in a currency (Canadian dollar) other than the Company's functional currency (United States dollar). Accordingly, the warrants are measured at fair value at each reporting date, with changes in fair value included in the consolidated statement of profit and loss and other comprehensive income for the applicable reporting period. During the quarters ended June 30, 2016 and 2015, the change in the fair value of derivative instruments was a gain of $0.7 million (six-month period gain $0.8 million) and a loss of $3.7 million (six-month period loss $3.7 million), respectively. See Selected Quarterly Information for the change recognized each reporting period.

Gain (Loss) on Foreign Currency Translation

The Company continuously monitors the level of foreign currency assets and liabilities carried on its consolidated balance sheet in an effort to minimize as much of the foreign currency translation exposure as possible. The difference between any amounts incurred in one currency and settled in a different currency is recognized as a gain or loss in the period it is settled. During the quarter ended June 30, 2016, a foreign currency translation loss of $19 thousand (six-month period loss $130 thousand) was recorded, compared to a loss of $114 thousand (six-month period gain $24 thousand) for the same period in 2015.

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 $2.3 million at December 31, 2015, to $0.6 million at June 30, 2016. These amounts represent 76 days sales at June 30, 2016, compared to 81 days' sales at December 31, 2015, and reflect specific project billing milestones on current contracts that were in progress on those dates. Amounts receivable aged greater than 90 days decreased to $35 thousand at June 30, 2016 from $327 thousand at December 31, 2015. The balance relates to 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, $2 thousand has been reserved as uncollectible and the balance of 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 $4.7 million at June 30, 2016, from $6.9 million at December 31, 2015.

The accounts payable balance increased from $2.4 million at December 31, 2015 to $2.7 million at June 30, 2016. The increase is due primarily to the timing of payments on trade payables. The accrued liabilities balance

U.S. $ millions		**March 31 2016**		December 31, 2015
Accounts payable	$	2.7	$	2.4
Accrued liablities		2.0		4.5
	$	4.7	$	6.9

decreased from $4.5 million at December 31, 2015 to $2.0 million at June 30, 2016. The decrease is primarily due to the conversion of accrued interest into new notes payable on March 2, 2016 and April 12, 2016, offset by increased royalties on a debt financing and interest accrued on the increased principal balance of outstanding notes payable.

Notes Payable

The notes payable balance of $22.3 million at June 30, 2016 reflects debt restructuring that occurred during 2016 as follows:

- During the first quarter of 2016, the February 23, 2015 note for $7.3 million and related accrued interest of $1.8 million were consolidated into a new note payable dated March 3, 2016 totaling $9.1 million; simple interest is payable at maturity at an annual rate of 15%. Additionally, effective interest of $7.3 million from a 17.5% royalty on net revenues, which is a component of the February 23, 2015 financing, is also included in Notes Payable as it is considered a perpetual debt instrument with a floating interest rate.
- During the second quarter of 2016, the debt financing that occurred on January 14, 2015 for $0.5 million and accrued interest of $0.1 million was paid to the holder. Also, three debt financings that occurred during 2015 (the April 2, 2015 financing in the amount of $1.5 million; simple interest payable at maturity at an annual rate of 20%, the April 28, 2015 financing in the amount of $2.5 million; simple interest is payable at maturity at an annual rate of 20%, and the July 13, 2015 financing in the amount of $3.0 million; simple interest is payable at maturity at an annual rate of 15%) were consolidated into a new note payable dated April 12, 2016 totaling $13.2 million; simple interest is payable at maturity at an annual rate of 15% (See Note 6 to the Condensed Consolidated Interim Financial Statements for further discussion of the terms of the notes).

The notes payable balance of $16.4 million at December 31, 2015 reflects five private placement debt financings that closed during 2015 as follows:

- The first debt financing occurred on January 14, 2015 for $0.5 million; simple interest payable at maturity at an annual rate of 18%. The second debt financing occurred on February 23, 2015 for $7.3 million; simple interest payable at maturity at an annual rate of 25%, in which $5.8 million of the proceeds was used to retire the obligations of an outstanding $5.0 million note (plus accrued interest of $0.8 million) issued on February 6, 2014 and was due and payable on February 6, 2015. The third debt financing occurred on April 2, 2015 in the amount of $1.5 million; simple interest is payable at maturity at an annual rate of 20%. The fourth debt financing occurred on April 28, 2015 in the amount of $2.5 million; simple interest is payable at maturity at an annual rate of 20%. The fifth debt financing occurred on July 13, 2015 in the amount of $3.0 million; simple interest is payable at maturity at an annual rate of 15%. The two debt financings that occurred during December 2014 totaling $1.o million have been retired (See Note 6 to the Condensed Consolidated Interim Financial Statements for further discussion of the terms of the notes).

Project Financing

The project financing balance at June 30, 2016 remained consistent at $1.3 million from December 31, 2015.

Unearned Revenue and Deposits

The unearned revenue balance at June 30, 2016 increased slightly to $0.6 million from $0.5 million at

December 31, 2015. 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 June 30, 2016 decreased slightly to $38 thousand from $109 thousand at December 31, 2015.

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	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	**Q2 2016**
Total revenue	$ 2.7	$ 1.1	$ 1.0	$ 0.7	$ 3.7	$ 3.2	$ 1.4	**$ 0.9**
Depreciation and amortization	$ 0.3	$ 0.2	$ 0.2	$ 0.2	$ 0.3	$ 0.3	$ 0.2	**$ 0.2**
Financing costs	$ 0.5	$ 1.0	$ 1.1	$ 0.9	$ 1.6	$ 3.1	$ 6.6	**$ 1.0**
Change in fair value of derivative intruments	$ (0.4)	$ (0.2)	$ -	$ 3.7	$ 0.4	$ (1.5)	$ (0.1)	**$ (0.7)**
Operating income (loss)	$ (2.5)	$ (4.0)	$ (4.0)	$ (4.4)	$ (1.0)	$ 0.2	$ (2.7)	**$ (3.5)**
Net loss	$ (2.5)	$ (4.6)	$ (4.9)	$ (9.0)	$ (2.8)	$ (1.4)	$ (9.3)	**$ (3.8)**
Net loss per share - basic and diluted	$ (0.03)	$ (0.05)	$ (0.05)	$ (0.10)	$ (0.03)	$ -	$ (0.09)	**$ (0.04)**
Adjusted EBITDA	$ (2.1)	$ (3.5)	$ (3.6)	$ (3.7)	$ (0.5)	$ 0.2	$ (2.3)	**$ (3.3)**

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 quarter ended June 30, 2016 totaled $4.1 million (sixmonth period $4.7 million), compared to $3.1 million (six-month period $5.5 million) during the same period in 2015. The year-over-year decrease in cash used of $0.8 million is due primarily to changes in working capital balances, increased revenue and reduced operating costs.

Net cash used in investing activities totaled $42 thousand (six-month period $91 thousand) for the quarter ended June 30, 2016, compared to $Nil (six-month period $34 thousand) during the same period in 2015. Net cash used in investing activities for the quarter and six-month period ended June 30, 2016, was for aircraft radar upgrades. Net cash used in investing activities during the six-month period ended June 30, 2015, was for the purchase of computer related equipment.

Net cash generated from financing activities totaled $4.1 million for the quarter ended June 30, 2016 compared to $3.5 million during the same period in 2015. The net cash generated from financing activities during the quarter ended June 30, 2016 resulted from the closing of a debt financing totaling $5.0 million, offset by $0.2 million restricted cash adjustment and the repayment of long-term debt and capital leases of $0.7 million. The net cash generated from financing activities during the quarter ended June 30, 2015 resulted from debt financings proceeds totaling $4.0 million, and $0.1 million from the exercise of warrants; offset by the repayment of long-term debt of $0.5 million, and movement to restricted cash of $0.1 million. Net cash generated from financing activities totaled $4.8 million during the six-month period ended June 30, 2016, compared to $5.5 million for the same period in 2015. The net cash generated during the six-months ended June 30, 2016 resulted from the closing of a debt financing totaling $5.0 million and $0.5 million restricted cash adjustment, offset by $0.1 million capital lease payments and repayment of a notes payable of $0.6 million. The net cash generated from financing activities during the six-month period ended June 30, 2015 resulted from the closing of debt financing totaling $11.8 million, proceeds from the exercise of warrants of $0.1 million and from reimbursable project funding of $0.1 million; offset by $0.1 million of movement to restricted cash and the repayment of long-term debt and capital leases of $6.4 million.

The cash position of the Company at June 30, 2016 and December 31, 2015 (cash and cash equivalents) was $Nil. In addition, an amending agreement remains in place, by which the Company is required to maintain a cash sweep account and restrict a certain portion of the Company's cash collections from net revenues generated, to be used to repay the promissory notes upon maturity. At June 30, 2016, $288 thousand is included in restricted cash subject to the amending agreement, which is $1,919 short of the balance required under the terms of the agreement, resulting in a breach in the terms of the amending agreement. Working capital decreased to negative $29.1 million as of June 30, 2016 from negative $16.6 million as of December 31, 2015 primarily due to the current portion of notes payable increasing by $13.2 million. Also, at June 30, 2016 and December 31, 2015, working capital includes $1.3 million and $2.0 million, respectively, of warrant liabilities that are non-cash and will be settled in equity of the Company, if exercised.

During the quarter ended June 30, 2016, the Company generated an operating loss of $4.3 million (six-month period $8.5 million), incurred negative adjusted EBITDA of $3.3 million (six-month period $5.6 million), and negative cash flow from operations of $4.1 million (six-month period $4.7 million). Revenue for the six-months ended June 30, 2016 was $2.3 million, which represents a $0.6 million increase in revenue from the same period in 2015. The Company has a shareholders' deficiency of $27.7 million and a working capital deficiency of $29.1 million. In addition, the Company has scheduled principal debt repayments of $22.3 million due within twelve months from the balance sheet date, based upon the contractual maturity of notes payable.

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 secure sales with upfront payments, renegotiate terms of debt that matures in 2016, and/or obtain further financing, including financing to replace the debt maturing in 2016. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition and or results of operations. 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. The Company obtained financing during the previous year to fund the development of new product offerings and further financing is required to continue these development and sales efforts until profitable operations are achieved or product sales with upfront payments are secured.

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. As at June 30, 2016, the carrying value of the data library is $Nil. In accordance with IFRS, the Company will review each reporting period for indications that an adjustment to the carrying value may be necessary.

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 August 10, 2016, 101,344,582 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of August 10, 2016, potential dilutive securities include (i) 7,915,720 outstanding share options in the Company's share option plan with a weighted average exercise price of C$0.39, and (ii) 24,713,130 warrants outstanding with a weighted average exercise price of C$0.08. Each option and warrant entitles the holder to purchase one Class A common share.

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 effective at the financial year-end.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the design of internal control over financial reporting that occurred during the six months ended June 30, 2016, 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 and have determined, based on that evaluation, that such disclosure controls and procedures were effective at the financial year-end.

RISKS AND UNCERTAINTIES

The risks and uncertainties described in the Management Discussion and Analysis presented in the 2015 Annual Report and the Annual Information Form of the Company have not changed materially.

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.

Condensed Consolidated Interim Balance Sheets

(In thousands of United States dollars)
(Unaudited/Not Reviewed)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Restricted cash	$ 288	$ 801
Amounts receivable	617	2,283
Unbilled revenue	33	11
Prepaid expenses	308	295
	1,246	3,390
Property and equipment (Note 4)	1,594	1,922
	$ 2,840	$ 5,312
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	$ 4,744	$ 6,872
Current portion of notes payable (Note 6)	22,255	9,087
Current portion of project financing (Note 7)	1,166	1,121
Current portion of deferred lease inducements	44	101
Unearned revenue	618	467
Warrant liability (Note 11)	1,254	2,085
Income taxes payable	4	5
Obligations under finance leases	9	75
Current portion of other long-term liabilities (Note 10(e))	270	158
	30,364	19,971
Long-term notes payable (Note 6)	7,300	7,300
Long-term project financing (Note 7)	175	174
Deferred lease inducements	157	162
Obligations under finance leases	29	34
Other long-term liabilities (Note 10(e))	-	92
	38,025	27,733
Shareholders' deficiency:		
Share capital (Note 10(a))	196,622	196,409
Accumulated other comprehensive income	(98)	(102)
Contributed surplus (Note 10(b))	11,693	11,578
Deficit	(243,402)	(230,306)
	(35,185)	(22,421)
Going concern (Note 2(a))		
Commitments (Note 12)		
Subsequent events (Note 16)		
	$ 2,840	$ 5,312

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Profit and Loss and Other Comprehensive Income

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

(Unaudited/Not Reviewed)

	For the three months ended June 30, **2016**	2015	For the six months ended June 30, **2016**	2015
Revenue (Note 8)	**$ 864**	$ 719	**$ 2,302**	$ 1,675
Expenses:				
Operating costs (Note 9(a))	**4,114**	4,839	**8,047**	9,497
Depreciation of property and equipment	**205**	244	**419**	486
Amortization of intangible assets	**-**	-	**-**	13
	4,319	5,083	**8,466**	9,996
Operating loss	**(3,455)**	(4,364)	**(6,164)**	(8,321)
Gain on disposal of equipment	**-**	-	**-**	47
Change in fair value of derivative instruments	**703**	(3,672)	**831**	(3,643)
Financing costs (Note 9(b))	**(1,006)**	(866)	**(7,630)**	(1,986)
Financing income	**-**	-	**5**	4
(Loss) gain on foreign currency translation	**(19)**	(114)	**(130)**	24
Loss before income taxes	**(3,777)**	(9,016)	**(13,088)**	(13,875)
Income tax expense:				
Current	**(4)**	-	**(8)**	(20)
	(4)	-	**(8)**	(20)
Net loss for the period	**$ (3,781)**	$ (9,016)	**$ (13,096)**	$ (13,895)
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	**(17)**	25	**4**	(32)
Comprehensive loss for the period	**$ (3,798)**	$ (8,991)	**$ (13,092)**	$ (13,927)
Basic and diluted loss per share	**$ (0.04)**	$ (0.10)	**$ (0.13)**	$ (0.15)
Weighted average number of Class A common shares - basic & diluted (Note 10(c))	**100,335,233**	92,952,350	**100,429,225**	92,370,739

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

(In thousands of United States dollars)
(Unaudited/Not Reviewed)

	Share Capital	Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
Balance at December 31, 2014	$ 194,377	$ 11,395	$ (57)	$ (212,152)	$ (6,437)
Comprehensive loss for the period	-	-	(32)	(13,895)	(13,927)
Share-based compensation	-	164	-	-	164
Exercise of warrants	506	-	-	-	506
Note conversion	556	(16)	-	-	540
New warrant issuance	360	-	-	-	360
Balance at June 30, 2015	$ 195,799	$ 11,543	$ (89)	$ (226,047)	$ (18,794)
Comprehensive loss for the period	-	-	(13)	(4,259)	(4,272)
Share-based compensation	30	130	-	-	160
Exercise of warrants	498	-	-	-	498
Exercise of options	57	(22)	-	-	35
New warrant issuance	25	-	-	-	25
Deferred tax effect of convertible note	-	(73)	-	-	(73)
Balance at December 31, 2015	$ 196,409	$ 11,578	$ (102)	$ (230,306)	$ (22,421)
Comprehensive gain (loss) for the period	-	-	4	(13,096)	(13,092)
Share-based compensation	174	132	-	-	306
Exercise of options	39	(17)	-	-	22
Balance at June 30, 2016	$ 196,622	$ 11,693	$ (98)	$ (243,402)	$ (35,185)

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of United States dollars)
(Unaudited/Not Reviewed)

For the six months ended June 30,	2016	2015
Cash flows provided by:		
Operating activities:		
Net loss for the period	**$ (13,096)**	$ (13,895)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**419**	486
Amortization of intangible assets	**-**	13
Share-based compensation expense	**192**	539
Gain on disposal of equipment	**-**	(47)
Amortization of deferred lease inducements	**(76)**	(70)
Change in fair value of derivative instruments	**(831)**	3,643
Financing costs	**7,630**	1,986
Current income tax expense	**8**	20
Interest paid	**(6)**	(11)
Income tax paid	**(9)**	(14)
Changes in working capital:		
Amounts receivable	**1,672**	733
Work in process and other assets	**(35)**	(61)
Accounts payable and accrued liabilities	**(701)**	123
Unearned revenue and deposits	**151**	297
Loss (gain) on foreign currency translation	**(45)**	783
	(4,727)	(5,475)
Investing activities:		
Purchase of property and equipment	**(91)**	(34)
	(91)	(34)
Financing activities:		
Proceeds from notes payable	**5,000**	11,800
Issuance costs of convertible notes and notes payable	**-**	(94)
Proceeds from reimbursable project funding	**-**	93
Proceeds from exercise of warrants	**-**	97
Movement from (to) restricted cash	**512**	(69)
Repayment of obligations under finance lease	**(77)**	(64)
Repayment of long-term debt and notes payable	**(617)**	(6,300)
	4,818	5,463
Effect of foreign exchange on cash	**-**	(2)
Decrease in cash and cash equivalents	**-**	(48)
Cash and cash equivalents, beginning of period	**-**	537
Cash and cash equivalents, end of period	**$ -**	$ 489

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2016
(In thousands of United States dollars, except per share information)
(Unaudited/Not Reviewed)

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 condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the six months ended June 30, 2016, the Company incurred an operating loss of $6,164 and negative cash flows from operating activities of $4,727. The Company has a shareholders' deficiency of $35,185 and a working capital deficiency of $29,118. In addition, the Company has scheduled debt repayments of $22,255 due within twelve months from the condensed consolidated interim balance sheet date upon the contractual maturity of notes payable.

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 secure sales with upfront payments or obtain additional financing, including financing to replace the debt maturing in 2016. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition and / or results of operations. 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. The Company obtained financing in 2015, April 2016 (see Note 6), and July 2016 (see Note 16) to fund the development and sales efforts of new product and services offerings until profitable operations are achieved or product sales with upfront payments are secured.

The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services, the timing of payments associated with such products and services and debt maturities. 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 condensed consolidated interim 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 condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

(b) Statement of compliance:

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

The notes presented in these unaudited condensed consolidated interim financial statements include in general only significant changes and transactions occurring since the Company's last year-end, and are not fully inclusive of all disclosures required by International Financial Reporting Standards (IFRS) for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2015 (the "2015 Annual Consolidated Financial Statements").

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of August 10, 2016, the date the Board of Directors approved the condensed consolidated interim financial statements.

(c) Measurement basis:

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

3. Summary of significant accounting policies:

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods that were used to prepare the Company's 2015 Annual Consolidated Financial Statements. There are no new accounting standards or amendments effective January 1, 2016 that would have had a material impact on the condensed consolidated interim financial statements.

4. Property and equipment:

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leases	Under construction	Total
Balance at December 31, 2015	$ 1,246	$ 555	$ 5	$ 102	$ 14	$ 1,922
Additions	-	-	-	-	49	49
Depreciation	(102)	(92)	(1)	(19)	-	(214)
Balance at March 31, 2016	$ 1,144	$ 463	$ 4	$ 83	$ 63	$ 1,757
Additions	-	7	2	-	33	42
Depreciation	(102)	(83)	(1)	(19)	-	(205)
Balance at June 30, 2016	$ 1,042	$ 387	$ 5	$ 64	$ 96	$ 1,594

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leases	Under construction	Total
Cost	$ 10,951	$ 27,346	$ 372	$ 921	$ 14	$ 39,604
Accumulated depreciation	(9,705)	(26,791)	(367)	(819)	-	(37,682)
Balance at December 31, 2015	$ 1,246	$ 555	$ 5	$ 102	$ 14	$ 1,922
Cost	$ 10,951	$ 27,325	$ 374	$ 919	$ 96	$ 39,665
Accumulated depreciation	(9,909)	(26,938)	(369)	(855)	-	(38,071)
Balance at June 30, 2016	$ 1,042	$ 387	$ 5	$ 64	$ 96	$ 1,594

5. Accounts payable and accrued liabilities:

	June 30 2016	December 31, 2015
Accounts payable	$ 2,760	$ 2,362
Accrued liablities(1)	1,970	4,509
Other taxes payable	14	1
	$ 4,744	$ 6,872

(1) Accrued liabilities include $865 of accrued interest and $132 of accrued royalties on notes payable for the six months ended June 30, 2016 (twelve months ended December 31, 2015 – $2,421 and $1,129).

6. Notes payable:

The following table details the liability and equity components of each note payable balance at June 30, 2016:

Closing Date of Note	April 12, 2016	March 2, 2016	July 13, 2015	April 28, 2015	April 1, 2015	February 23, 2015	January 14, 2015	Total
Proceeds from issuance of notes	$ 5,000	$ -	$ 3,000	$ 2,500	$ 1,500	$ 1,500	$ 500	$ 14,000
Retirement of 2014 note and interest	-	-	-	-	-	5,800	-	5,800
Transfer of accrued interest	1,130	1,825	-	-	-	-	-	2,955
Note restructuring	7,000	7,300	(3,000)	(2,500)	(1,500)	(7,300)	-	-
Transaction costs	-	-	(14)	(31)	(5)	(20)	(29)	(99)
Fair value of warrants recorded in equity	-	-	-	-	(271)	-	-	(271)
Warrant liability (on date of issuance)	-	-	-	-	-	-	(118)	(118)
Effective interest on note discount	-	-	14	31	276	7,320	147	7,788
Note repayment	-	-	-	-	-	-	(500)	(500)
Carrying amount of notes payable	$ 13,130	$ 9,125	$ -	$ -	$ -	$ 7,300	$ -	$ 29,555
Less current portion	(13,130)	(9,125)	-	-	-	-	-	(22,255)
Long-term portion of notes payable	$ -	$ -	$ -	$ -	$ -	$ 7,300	$ -	$ 7,300

The following table details the liability and equity components of each note payable balance at December 31, 2015:

Closing Date of Note	July 13, 2015	April 28, 2015	April 1, 2015	February 23, 2015	January 14, 2015	Total
Proceeds from issuance of notes	$ 3,000	$ 2,500	$ 1,500	$ 1,500	$ 500	$ 9,000
Retirement of 2014 note and interet	-	-	-	5,800	-	5,800
Transaction costs	(14)	(31)	(5)	(20)	(29)	(99)
Fair value of warrants recorded in equity	-	-	(271)	-	-	(271)
Warrant liability (on date of issuance)	-	-	-	-	(118)	(118)
Effective interest on note discount	12	21	110	1,829	103	2,075
Carrying amount of notes payable	$ 2,998	$ 2,490	$ 1,334	$ 9,109	$ 456	$ 16,387
Less current portion	(2,998)	(2,490)	(1,334)	(1,809)	(456)	(9,087)
Long-term portion of notes payable	$ -	$ -	$ -	$ 7,300	$ -	$ 7,300

(a) January 14, 2015 note payable:

On January 14, 2015, the Company issued a promissory note for $500 with simple interest payable at maturity at an annual rate of 18%. The note included 6,000,000 detachable warrants to purchase Class A common shares of the Company, of which 1,469,834 warrants were issued at a per share price of C$0.08 and expire on January 21, 2018. The remaining 4,530,166 warrants were issued at a per share price of US$0.06 and expire on May 1, 2018. The principal and accrued interest balance was payable at maturity on January 14, 2016, but was extended to April 14, 2016. On May 5, 2016, the Company paid the note principal and interest of $617 to the holder.

In determining the fair value of the warrants at inception, the Company used the Black- Scholes option pricing model with the following assumptions: average volatility rate of 58.6%; risk-free interest rate of 1.00%; expected life of three years; and an exchange rate of 0.78672. The value of $118 was established on January 14, 2015. The estimated discount rate was 28% which was subject to estimation uncertainty. The discount to the note payable was amortized over the term of the note using the effective interest method.

(b) February 23, 2015 note payable:

On February 23, 2015, the Company entered into promissory note agreements with Vertex One Asset Management Inc. (Vertex) totaling $7,300 that mature 12 months from the date of issuance with simple interest 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 net revenues in perpetuity. Of the $7,300 proceeds, $5,800 was used to retire a $5,000 convertible promissory note (plus accrued interest of $800) which was issued on February 7, 2014, and became due on February 6, 2015. 12,367,054 conversion shares associated with the February 7, 2014 note were cancelled with the retirement of the note. The net proceeds to the Company were $1,500. On March 3, 2016, the Company announced the cancellation of this note and the issuance of a new note dated March 2, 2016 (see Note 6(f)).

As a result of the 17.5% royalty of net revenue being payable in perpetuity, the Company recognized the $7,300 promissory note as a perpetual debt instrument with a floating rate of interest. In the initial year of the debt, interest recognized is equal to the stated interest rate of 25%, the amortized portion of the scheduled repayment of $7,300 on February 25, 2016 plus related transaction costs using the effective interest method, and 17.5% of net revenue recognized during the period. Subsequent to the initial year, interest is recognized in an amount equal to 17.5% of net revenue earned during the period. The face amount of the debt of $7,300 is carried as a liability until such time as the royalty is either retired, or it is projected that future royalty streams will be insufficient to support the carrying amount of the liability.

(c) April 1, 2015 note payable:

On April 1, 2015, the Company issued a promissory note for $1,500 to Vertex with simple interest payable at maturity at an annual rate of 20%. The note also included 9,178,266 detachable warrants to purchase Class A common shares of the Company at a per share price of US$0.07 and expire on April 1, 2018. Under the terms of the financing, the holder retired an outstanding $500 note. The net proceeds to the Company were $1,000. The principal and accrued interest balance was payable at maturity on April 1, 2016. In April 2016, the Company announced the cancellation of this note and the issuance of a new note dated April 12, 2016 (see Note 6(g)).

In determining the fair value of the warrants at inception, the Company used the Black-Scholes option pricing model with the following assumptions: average volatility rate of 62.0%; risk-free interest rate of .49%; expected life of three years; and an exchange rate of 0.79289. The value of $271 was established on April 1, 2015. The estimated discount rate was 23% which was subject to estimation uncertainty. The discount to the note payable was amortized over the term of the note using the effective interest method.

(d) April 28, 2015 note payable:

On April 28, 2015, the Company issued a promissory note for $2,500 to Vertex with simple interest payable at maturity at an annual rate of 20%. The principal and accrued interest balance was payable at maturity on April

27, 2016. On April 15, 2016, the Company announced the cancellation of this note and the issuance of a new note dated April 12, 2016.

In addition, the Company entered into an amending agreement with Vertex, by which the Company agreed to establish a cash sweep account to restrict a certain portion of the Company's cash collections from net revenues generated subsequent to the execution of the agreement, to be used to repay the promissory notes upon maturity. At June 30, 2016, $288 is included in restricted cash subject to the amending agreement, which is $1,919 short of the balance required under the terms of the agreement, resulting in a breach in the terms of the amending agreement. There was no change in the status of this agreement as of August 10, 2016.

(e) July 13, 2015 note payable:

On July 13, 2015, the Company issued a promissory note for $3,000 to Vertex with simple interest payable at maturity at an annual rate of 15%. The principal and accrued interest balance was payable at maturity on January 9, 2016, but was extended to April 9, 2016. On April 15, 2016, the Company announced the cancellation of this note and the issuance of a new note dated April 12, 2016 (see Note 6(g)).

(f) March 2, 2016 note payable:

On March 2, 2016, the Company restructured and consolidated the February 23, 2015 notes payable of $5,800 and $1,500 into one note. The original notes, bearing interest at 25% per annum, were canceled with the related principal of $7,300 and accrued interest of $1,825 consolidated into a new note payable totaling $9,125, bearing interest at a rate of 15% and a maturity date of August 24, 2016. The royalty agreement (see Note 6(b)) and amending agreement to restrict a certain portion of cash collections (see Note 6(d)) are not affected by this restructuring and consolidation. The Company has the option upon thirty days' notice, to repay the note at 107.5% of the outstanding balance. The fair value of the prepayment option at June 30, 2016 was $Nil. At June 30, 2016, $450 of accrued interest is included in accrued liabilities.

(g) April 12, 2016 note payable:

On April 12, 2016, the Company restructured and consolidated into one note its April 1, 2015 note payable of $1,500, April 27, 2015 note payable of $2,500, and July 9, 2015 note payable of $3,000. The original notes, bearing interest at 20%, 20%, and 15% per annum, respectively, were canceled. The new note payable, dated April 12, 2016, in the principal amount of $13,130 includes an additional $5,000 debt financing and accrued interest from the canceled notes of $1,130. Simple interest is payable at maturity on October 11, 2016 at an annual rate of 15%. The Company has the option upon thirty days' notice, to repay the note at 107.5% of the outstanding principal balance. The fair value of the prepayment option at June 30, 2016 was $Nil. At June 30, 2016, $415 of accrued interest is included in accrued liabilities.

7. Project financing:

Project financing includes a promissory note with a service provider. The note bears interest at 8% per annum and is secured by a last priority lien on an aircraft owned by the Company. As of June 30, 2016, the balance of the note is $1,155.

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

		June 30, 2016		December 31, 2015
Promissory note payable	**$**	**1,155**	$	1,110
Reimbursable project funding		**186**		185
		1,341		1,295
Less current portion		**(1,166)**		(1,121)
Long-term portion of project financing	**$**	**175**	$	174

8. Revenue:

Details of revenue are as follows:

	For the three months ended June 30,				For the six months ended June 30,			
		2016		2015		**2016**		2015
Mapping services	**$**	**110**	$	62	**$**	**304**	$	394
Professional services		**106**		155		**200**		195
Data licenses		**395**		293		**1,117**		638
3DBI software applications		**253**		209		**681**		448
	$	**864**	$	719	**$**	**2,302**	$	1,675

9. Operating and financing costs:

(a) Operating costs:

	For the three months ended June 30, 2016	2015	For the six months ended June 30, 2016	2015
Personnel	$ 2,560	$ 3,029	$ 5,315	$ 6,016
Purchased services & materials[1]	1,174	1,178	1,930	2,266
Travel	42	161	83	303
Facilities and other expenses	338	471	719	912
	$ 4,114	$ 4,839	$ 8,047	$ 9,497

(1) Purchased services and materials include aircraft costs, project costs, professional and consulting fees, and selling and marketing costs. Details of revenue are as follows:

(b) Financing costs:

	For the three months ended June 30, 2016	2015	For the six months ended June 30, 2016	2015
Interest on notes payable	$ 802	$ 660	$ 1,518	$ 944
Accretion of discounts recognized on notes payable	58	125	5,713	882
Royalty expense associated with note payable	121	52	348	102
Interest on project financing	22	24	45	47
Interest on finance lease	3	5	6	11
	$ 1,006	$ 866	$ 7,630	$ 1,986

10. Share capital:

(a) Issued:

	June 30, 2016		December 31, 2015	
Class A common shares	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period:				
Unrestricted shares	100,237,372	$ 196,409	91,782,665	$ 194,377
Issuance of common shares from conversion of convertible note	-	-	5,741,187	540
Conversion option of convertible note	-	-	-	16
Issuance of warrants	-	-	-	385
Warrant exercise	-	-	2,508,020	1,004
Option exercise	114,630	39	116,250	57
Share-based compensation	839,580	174	89,250	30
Balance, end of period:	101,191,582	$ 196,622	100,237,372	$ 196,409

On June 29, 2016, 201,692 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.

On May 17, 2016, 637,888 Class A common shares were issued to directors of the Company as a reduction in accounts payable of $134.

On May 3, 2016, 114,630 Class A common shares were issued upon the exercise of options with a grant date fair value of $17 for a reduction in accounts payable of $22.

On September 15, 2015, 108,750 Class A common shares were issued upon the exercise of options with a grant date fair value of $21 for cash proceeds of $33.

On August 28, 2015, 7,500 Class A common shares were issued upon the exercise of options with a grant date fair value of $1 for cash proceeds of $2.

On August 20, 2015, 958,020 Class A common shares were issued upon the exercise of warrants for cash proceeds of $59. The value attributed to the warrant liability of $439 was transferred to share capital upon exercise.

On July 2, 2015, 89,250 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $30 for these Class A common shares is included in operating costs.

On June 29, 2015, 1,550,000 Class A common shares were issued upon the exercise of warrants for cash proceeds of $97. The value attributed to the warrant liability of $409 was transferred to share capital upon exercise.

On June 12, 2015, 5,741,187 Class A common shares were issued upon conversion of a convertible promissory note issued on December 12, 2014. The value attributed to the conversion was $556 and includes the accrued interest of $40, which was forgiven upon conversion, and $16 for the proportionate share of the conversion option of the convertible note originally classified in contributed surplus (see Note 10(b)).

On April 1, 2015, the Company issued 9,178,266 warrants to purchase Class A common shares of the Company in connection with a promissory note (see Note 6(b)) with a value of $271 allocated to share capital.

On May 1, 2015, the Company issued 4,530,166 warrants to purchase Class A common shares of the Company in connection with a promissory note with a value of $114 allocated to share capital.

(b) Contributed surplus:

		June 30, 2016		December 31, 2015
Balance, beginning of period	$	11,578	$	11,395
Share-based compensation		132		294
Exercise of options		(17)		(22)
Conversion option of convertible note		-		(16)
Deferred tax effect of convertible note		-		(73)
Balance, end of period	$	11,693	$	11,578

(c) 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 8,068,720 outstanding share options and 24,713,130 outstanding warrants could potentially dilute earnings.

(d) Share option plan:

The Company established a share option plan to provide long-term incentives to attract, motivate, and retain certain key employees, officers, directors, and consultants providing services to the Company. The plan permits the granting of options to purchase up to 10% of the outstanding Class A common shares of the Company. As of June 30, 2016, 10,119,158 Class A common shares were authorized under the plan, of which 8,068,720 share options are issued and outstanding and 2,050,438 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 andexpire on the fifth anniversary of the date of such grant.

The following table summarizes information regarding share options outstanding:

	June 30, 2016			December 31, 2015		
	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	**6,864,850**	**$**	**0.41**	7,427,400	$	0.46
Granted	**1,412,000**		**0.27**	-		-
Exercised	**(114,630)**		**0.25**	(116,250)		0.40
Expired	**(43,500)**		**1.53**	(390,050)		1.40
Forfeitures	**(50,000)**		**0.35**	(56,250)		0.26
Options outstanding, end of period	**8,068,720**	**$**	**0.38**	6,864,850	$	0.41
Options exercisable, end of period	**5,747,470**	**$**	**0.42**	5,006,100	$	0.44

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.17	25,000	4.13 years	6,250
0.21	20,000	5.95 years	-
0.25	20,000	1.19 years	20,000
0.27	1,412,000	5.68 years	232,000
0.29	1,448,750	3.67 years	738,750
0.33	700,000	2.34 years	600,000
0.38	40,000	2.88 years	30,000
0.43	1,012,240	0.75 years	1,012,240
0.44	1,515,000	2.27 years	1,232,500
0.46	750,730	1.46 years	750,730
0.48	450,000	0.51 years	450,000
0.50	450,000	0.44 years	450,000
0.66	225,000	0.61 years	225,000
	8,068,720	2.63 years	5,747,470

During the six months ended June 30, 2016, 1,412,000 options were granted at a weightedaverage grant date fair value of C$0.27 per share, determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: share price ranging from C$0.21 to C$0.27, expected dividend yield 0%, risk-free interest rate ranging from 0.80% to 1.18%, volatilities ranging from 140.3% to 148.6%, 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%. During the six months ended June 30, 2016, the Company recognized $132 of non-cash compensation expense related to the share option plan.

(e) 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 theCompany 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 determined by multiplying the number of shares earned under the optional settlement portion by the Company's closing stock price on December 31, 2015 and 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. At December 31, 2015 1,058,165 shares were earned under the equity-settled portion of the LTIP and 1,587,248 shares were earned under the optional settlement portion of the LTIP.

The fair value of the awards is subject to estimation uncertainty and was calculated using a Monte Carlo simulation model with the following assumptions at the grant date: 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 ended March 31, 2016, with a corresponding charge to contributed surplus. For the six months ending June 30, 2016, $20 was charged to non-cash compensation expense and as of June 30, 2016, $133 is included in contributed surplus.

The grant date fair value of the optional settlement portion of the LTIP was $169, with payment timing 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 is re-measured to the current fair value at each reporting date.

The fair value of the awards is subject to estimation uncertainty and at June 30, 2016 a liability of $270 has been recorded representing the fair value of the optional settlement portion of the LTIP.

Any changes in the liability are recognized in profit or loss over the service period. For the six months ended June 30, 2016, $20 has been charged to non-cash compensation expense.

(f) 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.

11. 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	Granted	Expired	Exercised	Number of Warrants Outstanding
	2/7/2014	2/7/2017	C$ 0.08	3,091,572	-	-	3,091,572
	12/12/2014	12/12/2017	C$ 0.10	1,137,202	-	-	1,137,202
	12/26/2014	12/26/2017	C$ 0.07	1,666,667	-	-	1,666,667
	1/6/2015	2/6/2017	C$ 0.08	4,597,443	-	(958,020)	3,639,423
	1/14/2015	1/21/2018	C$ 0.08	1,469,834	-	-	1,469,834
	4/1/2015	4/3/2018	US$ 0.07	9,178,266	-	-	9,178,266
	5/1/2015	5/1/2018	US$ 0.06	4,530,166	-	-	4,530,166
December 31, 2015				25,671,150	-	(958,020)	24,713,130
				-	-	-	-
June 30, 2016							24,713,130

Each warrant entitles its holder to purchase one Class A common share. Vertex, the holderof all of the Company's notes payable, with the exception of the January 14, 2015 note, holds 18,713,130 of the warrants outstanding at June 30, 2016. The 11,004,698 warrants denominated in Canadian dollars, a currency different from the Company's functional currency, are recognized as a financial liability at fair value through profit and loss. The 13,708,432 warrants denominated in United States dollars are recognized as part of share capital. At June 30, 2016, $385 is included in share capital related to these warrants.

The following table details the number and value of the non-broker Class A common share purchase warrants denominated in Canadian dollars that are outstanding and included in warrant liability at each balance sheet date.

	Number of non-broker warrants	Warrant liability
Balance at December 31, 2015	11,004,698	$ 2,085
Revaluation	-	(831)
Balance at June 30, 2016	11,004,698	$ 1,254

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 C$0.08 per share until February 6, 2017.

On January 15, 2015, the Company amended the exercise price to C$0.08 per share for outstanding warrants to purchase 3,091,572 common shares of the Company with an original exercise price of C$0.56 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 on 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 June 30, 2016, the 5,895,441 non-broker warrants issued in 2014 were re-valued to $677 using the Black-Scholes option pricing model with the following assumptions: exercise price of C$0.07-C$0.10; average volatility rate of 101.8%-116.2%; risk-free interest rate of 0.62%; expected life of 8-18 months; and an exchange rate of 0.77.

In determining the fair value of the 4,597,443 non-broker warrants issued on January 6, 2015, the Company used the Black-Scholes option pricing model with the following assumptions: exercise price of C$0.08; average volatility rate of 108.0%; risk-free interest rate of 1.00%; expected life of two years; and an exchange rate of 0.8472. The value of $133 was established on January 6, 2015. On August 20, 2015, 958,020 of these warrants were exercised, leaving 3,639,423 warrants outstanding at June 30, 2016. The warrants were revalued to $396 on June 30, 2016 utilizing the Black-Scholes option pricing model with the following assumptions: exercise price of C$0.08; average volatility rate of 116.2%; riskfree interest rate of 0.62%; expected life of 8 months; and an exchange rate of 0.77.

In determining the fair value of the 1,469,834 non-broker warrants issued on January 14, 2015, the Company used the Black-Scholes option pricing model with the following assumptions: exercise price of C$0.08; average volatility rate of 58.6%; risk-free interest rate of 1.00%; expected life of three years; and an exchange rate of 0.787. The value of $29 was established on January 14, 2015 and subsequently revalued to $181 on June 30, 2016 utilizing the Black-Scholes option pricing model with the following assumptions: exercise price of C$0.08; average volatility rate of 100.6%; risk-free interest rate of 0.62%; expected life of 19 months; and an exchange rate of 0.77.

The Company also issued 9,178,266 non-broker warrants on April 1, 2015 and 4,530,166 non-broker warrants on May 1, 2015. As the exercise price for both of these issuances is denominated in U.S. dollars, the Company's functional currency, the warrants are not considered a derivative liability and are not required to be recorded as a liability and revalued quarterly.

12. Commitments:

The Company has commitments related to operating leases for office space and equipment which require the following payments for each year ending June 30:

2017	$	313
2018		109
2019		112
2020		111
2021		37
	$	682

During the six months ended June 30, 2016, the Company recognized $505 (six months ended June 30, 2015 - $572) in operating lease expense for office space.

13. Segmented information:

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

Geographic segments of revenue are as follows:

		3 months ended June 30, 2016		3 months ended June 30, 2015		**6 months ended June 30, 2016**		6 months ended June 30, 2015
United States	**$**	**375**	$	264	**$**	**1,030**	$	822
Asia/Pacific		**241**		199		**593**		302
Europe		**248**		256		**679**		551
	$	**864**	$	719	**$**	**2,302**	$	1,675

Property and equipment of the Company are located as follows:

		June 30, 2016		December 31, 2015
United States	**$**	**1,510**	$	1,791
Canada		**74**		117
Europe		**7**		9
Asia/Pacific		**3**		5
	$	**1,594**	$	1,922

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:

		Three months ended June 30, 2016		Three months ended June 30, 2015		**Six months ended June 30, 2016**		Six months ended June 30, 2015
Customer A	**$**	**110**	$	62	**$**	**304**	$	458
Customer B		**105**		97		**199**		133
Customer C		**100**		35		**355**		35
Customer D		**51**		42		**281**		86
	$	**366**	$	236	**$**	**1,139**	$	712

14. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, and capital risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities. There have been no significant changes to the Company's risk management strategies since December 31, 2015.

Amounts receivable as of June 30, 2016, and December 31, 2015, consist of:

		June 30, 2016		December 31, 2015
Trade amounts receivable	$	607	$	2,282
Employee receivables		8		7
Other miscellaneous receivables		4		8
Allowance for doubtful accounts		(2)		(14)
	$	617	$	2,283

Trade amounts receivable by geography consist of:

		June 30, 2016		December 31, 2015
United States	$	438	$	1,421
Asia/Pacific		55		449
Europe		114		289
Canada		-		123
	$	607	$	2,282

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

		June 30, 2016		December 31, 2015
Current	$	134	$	1,795
31-60 days		421		156
61-90 days		17		4
Over 91 days		35		327
	$	607	$	2,282

As of June 30, 2016, $52 of trade amounts receivable (year ended December 31, 2015 - $331) were past due. The balance of the past due amounts relates to reoccurring customers and are considered collectible.

15. Fair values:

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

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

- Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and provisions approximate their carrying amounts largely due to the shortterm maturities of these instruments.
- Notes payable are evaluated by the Company based on parameters such as interest rates and the risk characteristics of the instrument.
- The fair value of the non-broker warrants are estimated using the Black-Scholes option pricing model incorporating various inputs including the underlying price volatility and discount rate (see Note 11).

(a) 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 Condensed

Consolidated Interim Balance Sheet is as follows:

	June 30, 2016			December 31, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities						
Non-broker warrants	$ -	$ 1,254	$ -	$ -	$ 2,085	$ -

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

16. Subsequent event:

On July 13, 2016, the Company issued a promissory note for $2,000 to Vertex. The note bears simple interest at an annual rate of 15%. The principal and accrued interest balance is payable on the earlier of (i) maturity on July 8, 2017 or (ii) the date on which a down payment from a material geospatial project is received by the Company.

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