INTERMAP™

Intermap Technologies Corporation
Second Quarter Ended June 30, 2011

Management's Discussion and Analysis

For the quarter ended June 30, 2011

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 15, 2011, and should be read together with the Company's unaudited Consolidated Interim Financial Statements and the accompanying notes for the three and six months ended June 30, 2011, and the audited Consolidated Financial Statements for the years ended December 31, 2010, and 2009, together with the accompanying notes, prepared under previous Canadian generally accepted accounting principles (GAAP).

As of January 1, 2011, the Company adopted International Financial Reporting Standards (IFRS). The results reported herein have been prepared in accordance with International Standard 34, Interim Financial Reporting (IAS 34), and using policies consistent with IFRS and, unless otherwise noted, are expressed in United States dollars. See "Change in Accounting Policies" for a discussion of IFRS and its impact on the Company's financial statement presentation.

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

FORWARD-LOOKING STATEMENTS

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

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) Intermap will continue to maintain sufficient and effective production capabilities with respect to the cost to produce the Company's products; (ii) there will be no significant

reduction in the availability of qualified and cost-effective human resources; (iii) the continued sales success of Intermap's products and services; (iv) the continued success of business development activities; (v) the continued existence and productivity of subsidiary operations; (vi) there will be no significant delays in the development and commercialization of Intermap products; (vii) new products and services will continue to be added to the Intermap portfolio; (viii) demand for 3D mapping products will continue to grow in the foreseeable future; (ix) there will be no significant barriers to the integration of Intermap's products into customers' existing and proposed products; and (x) superior 3D mapping 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, revenue fluctuations, loss of key customers, nature of government contracts, breakdown of strategic alliances, economic conditions, common share price volatility, availability of capital, information technology security, loss of proprietary information, competing technologies, and international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in the MD&A, the Company's most recently filed AIF and the Company's other filings with securities regulators. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and Intermap'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, Intermap 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 Intermap or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

BUSINESS OVERVIEW

Intermap is a location based information company creating solutions from uniform, high-resolution 3D digital models of the earth's surface called NEXTMap®. The Company uses these 3D digital models to create location based information solutions for its customers through the integration of third party data that is then used to create business intelligence applications. The NEXTMap database consists of elevation data and geometric images with high accuracy. Our solutions are used in a wide range of applications, including, but not limited to location based information, geographic information systems (GIS), engineering, GPS maps, insurance risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, and 3D visualization. The products are also used to improve the positional accuracy of airborne and satellite images. Working for private industry, governments, and individual consumers worldwide, Intermap employs its proprietary interferometric synthetic aperture radar (IFSAR) mapping technology, which provides the ability to digitally map large areas accurately and quickly and acquire data at any time of the day including overcast and dark conditions. The Company also aggregates data into its NEXTMap dataset from other mapping sensor types such as LiDAR, aerial photography, and satellite.

The Company has refocused its sales and marketing disciplines and believes that the value of the NEXTMap data lies in application solutions for specific vertical markets, and not solely in the data as a standalone product. As a part of this refocus, the Company has recently changed its pricing strategy and product offerings to

include low-cost subscriptions making the purchase of its data more affordable to a wider array of potential users. To help facilitate these changes, a new Web-based subscription service has been created and launched for NEXTMap 3D terrain products and related location-based information accessible via cloud-computing. The Web Services offers a suite of hosted tools that gives even those unfamiliar with GIS the ability to quickly and easily perform terrain analysis based on an area of interest such as a county or entire state. Subscribers to Intermap's Web Services can access the Company's 3D terrain information using their current Web browsers and through popular desktop GIS software applications.

NEXTMAP®

The NEXTMap dataset is included in the Company's multi-client data library (MCDL), which was built from the acquisition and processing of elevation data and geometric images. The NEXTMap datasets include terrain elevation and imagery data. The Company maintains all ownership rights to the data, and sells licenses to the data on a non-transferable basis. The MCDL includes data from the NEXTMap® USA and NEXTMap® Europe programs.

NEXTMap USA, the largest NEXTMap program to date, was completed during the second quarter of 2010. The program covers an area of nearly 8.0 million square kilometers of the contiguous United States and Hawaii.

The NEXTMap Europe dataset was completed in 2009, and represents 2.5 million square kilometers of area and includes the 17 countries of Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Spain, Scotland, Switzerland, and Wales. As of June 30, 2011, the net book values of the NEXTMap USA and NEXTMap Europe datasets were $11.6 million and $9.1 million, respectively. The net book values of the NEXTMap USA and NEXTMap Europe datasets at December 31, 2010, were $12.9 million and $10.1 million, respectively.

FINANCIAL INFORMATION

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

Selected Quarterly Information

	Three months ended June 30,		Six months ended June 30,	
U.S. $ millions, except per share data	**2011**	2010[1]	**2011**	2010[1]
Revenue:				
Contract services	**$ 2.4**	$ 1.6	**$ 5.4**	$ 2.7
Multi-client data licenses	**2.0**	3.7	**5.9**	6.0
Total revenue	**$ 4.4**	$ 5.3	**$ 11.3**	$ 8.7
Net loss	**$ (3.4)**	$ (9.2)	**$ (8.3)**	$ (19.7)
EPS basic and diluted	**$ (0.05)**	$ (0.18)	**$ (0.12)**	$ (0.38)
Adjusted EBITDA	**$ (2.7)**	$ (3.3)	**$ (3.8)**	$ (8.7)

(1) Amounts presented for the three and six months 2010 have been restated for IFRS.

Revenue

Consolidated revenue for the second quarter of 2011 totaled $4.4 million compared to $5.3 million for the same period in 2010, representing a 16% decrease. As of June 30, 2011, there remained $9.3 million in revenue from existing contracts ($8.2 million in contract services and $1.1 million in MCDL license contracts) to be recognized in future periods.

Contract services revenue for the second quarter of 2011 increased to $2.4 million from $1.6 million for the same period in 2010, representing a 50% increase. The increase was primarily the result of revenue recognized on a previously announced mapping services project in Southeast Asia (December 2010) where $2.1 million in revenue was recognized during the second quarter of 2011 from this contract. Contract services revenue of $1.6 million recognized during the second quarter of 2010 related primarily to a mapping services project in Alaska, which totaled $1.3 million during the period.

MCDL license revenue for the second quarter of 2011 totaled $2.0 million, compared to $3.7 million for the same period in 2010, representing a 47% decrease. The decrease was primarily the result of the recognition of revenue on two significant sales of NEXTMap Europe – Germany data during the second quarter of 2010, which generated $1.5 million in revenue. There were no similar size contracts to recognize revenue on in the second quarter of 2011. MCDL license revenue recognized during the second quarter of 2011 resulted from several small contracts, coupled with the recognition of a single large contract for NEXTMap Europe – France data which generated $900 thousand of revenue.

On a year-to-date basis, consolidated revenue increased by 29% from $8.7 million during the six months ended June 30, 2010, to $11.3 million during the same period in 2011.

Contract services revenue for the six-month period ended June 30, 2011, was $5.4 million compared to $2.7 million for the same period in 2010. The increase was primarily the result of an increase in revenue from a mapping services project in Southeast Asia where the Company recognized $4.8 million in revenue for the six months ended June 30, 2011. The contract services revenue recognized on a year-to-date basis in 2010 included a mapping services project in Alaska totaling $1.3 million, and $0.6 million from contract services work performed in relation to risk management initiatives in Europe.

MCDL revenue on a year-to-date basis was $5.9 million in 2011, a decrease of 2% over the same period in 2010, which totaled $6.0 million. The minimal decrease was primarily the result of the recognition of revenue on two sales of NEXTMap Europe – Germany data, which generated $2.7 million in revenue during the six-month period ended June 30, 2010, with no similar size sales during the same period in 2011.

The Company believes that world economic difficulties have continued to affect its revenues during 2011. Existing and potential customers appear to be maintaining a cautious approach to their businesses, conserving cash by deferring previously planned projects and re-evaluating their short-term operating budgets. Although there continues to be reasonable proposal activity, the Company believes the current challenging economic environment, especially with the United States federal and local governments, will continue to impact the Company's ability to enter into new contract services arrangements and to monetize the NEXTMap datasets in the foreseeable future. To address the current economic difficulties, the Company has modified its pricing

strategy and product offerings to include low-cost subscriptions to make the purchase of data more affordable to a wider array of potential users.

Classification of Operating Costs

In connection with the transition to IFRS during the first quarter of 2011, the Company changed the classification of its operating costs on the Condensed Consolidated Interim Statements of Comprehensive Income. The composition of the operating costs classification is as follows:

U.S. $ millions	For the three months ended June 30, 2011	For the three months ended June 30, 2010[(1)]	For the six months ended June 30, 2011	For the six months ended June 30, 2010[(1)]
Personnel	**$ 4,341**	$ 5,101	**$ 9,806**	$ 10,653
Purchased services & materials	**2,477**	2,748	**5,263**	5,074
Travel	**374**	501	**831**	1,050
Facilities and other expenses	**894**	807	**1,593**	1,644
	$ 8,086	$ 9,157	**$ 17,493**	$ 18,421

(1)Amounts presented for the three and six months in 2010 have been restated for IFRS.

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. For the three-month periods ended June 30, 2011 and 2010, personnel expense was $4.3 million and $5.1 million, respectively. The 16% decrease in the three-month period ended June 30, 2011, from the same period in 2010 is primarily due to workforce reductions associated with the Company's restructuring activities over the prior twelve-month period. These reductions were partially offset by severance and termination costs of $0.5 million during the three-month period ended June 30, 2011.

For the six-month periods ended June 30, 2011 and 2010, personnel expense was $9.8 million and $10.7 million, respectively. The decrease in 2011 compared with 2010 is primarily due to workforce reductions associated with Company's restructuring activities over the prior twelve month period. These reductions were partially offset by severance and termination costs of $1.5 million during the six-month period ended June 30, 2011, and $0.3 million during the same period in 2010.

Consolidated active employee headcount was 279 at June 30, 2011, (including 160 in Jakarta, Indonesia, where the average salary is less than 10% of the equivalent salary in North America), a 53% decrease from 596 at June 30, 2010 (including 356 in Jakarta, Indonesia). The decrease in personnel count was driven by a decrease in the following functional areas: operations 56%, or 222 personnel; sales and marketing 47%, or 35 personnel; engineering, research and development 58%, or 36 personnel; and administrative 39%, or 24 personnel. On an annualized basis, the net impact on total expenses (after severance and termination related costs) of the workforce reductions made during the three-month period ending June 30, 2011, is approximately $1.3 million. On an annualized basis, the net impact on total expenses (after severance and termination related

costs) of the workforce reductions made during the six-month period ending June 30, 2011, is approximately $6.8 million.

Non-cash compensation expense is included in operating costs and relates to stock options and stock shares granted to employees and non-employees. Non-cash stock-based compensation for the three-month periods ended June 30, 2011 and 2010, totaled $0.4 million. Non-cash stock based compensation for the six-month periods ended June 30, 2011 and 2010, totaled $0.9 million and $0.6 million, respectively. The increase of $0.3 million in the six-month periods ended June 30, 2011, was primarily due to (i) stock based compensation issued to the Company's Chief Executive Officer pursuant to his employment agreement, (ii) Board of Directors compensation, and (iii) the issuance of new employee stock options in March 2011. These increases were partially offset by the expiration, forfeiture and full vesting of stock options that were granted in earlier periods and therefore incurred no additional expense during the current period in 2011.

Purchased Services and Materials

Purchased services and materials (PS&M) includes aircraft costs, professional and consulting costs, third-party support services related to the collection, processing, and editing of Intermap's mapping data, and software expenses (including maintenance and support). For the three-month periods ended June 30, 2011 and 2010, PS&M expense was $2.5 million and $2.7 million, respectively. The decrease in this category of expense is primarily related to a decrease in aircraft fuel and maintenance expenses, but includes reductions in the majority of individual categories of expense within this expense grouping. The Company initiated major cost cutting measures during the second half of 2010 and such measures have carried forward through the first six months of 2011. The cost cutting measures focused on the reduction of non-critical consulting, purchased materials, and other service related expenses. These expense reductions were partially offset by increased job and subcontractor expenses associated with a large mapping services contract in Southeast Asia.

For the six-month periods ended June 30, 2011 and 2010, PS&M expense was $5.3 million and $5.1 million, respectively. The increase in this category of expense is primarily related to increased job and subcontractor expenses associated with a large mapping services contract in Southeast Asia. This increase was partially offset by reductions in the majority of individual categories of expense within the PS&M expense grouping resulting from major cost cutting measures initiated during the second half of 2010 and carried forward through the first six months of 2011.

Travel

For the three-month periods ended June 30, 2011 and 2010, travel expense was $0.4 million and $0.5 million, respectively. The decrease during the three-month periods ended June 30, 2011, compared to the same period in 2010 is primarily the result of decreased travel for sales and marketing personnel resulting from the Company's cost control measures. For the six-month periods ended June 30, 2011 and 2010, travel expense was $0.8 million and $1.1 million, respectively. The decrease during the six-month periods ended June 30, 2011, compared to the same period in 2010 is also primarily the result of decreased travel for sales and marketing personnel resulting from the Company's cost control measures. These decreases in both the three- and six-month periods ended June 30, 2011, compared to the same period in 2010, were partially offset by operations personnel travel associated with a large mapping services project underway in Southeast Asia.

Facilities and Other Expenses

For the three-month periods ended June 30, 2011 and 2010, facilities and other expense were $0.9 million and $0.8 million, respectively. For the six-month periods ended June 30, 2011 and 2010, facilities and other expense were $1.6 million. The increase in the three-month period ending June 30, 2011, compared to the same period in 2010 related to $0.3 million of facility costs associated with the liquidation of its Munich, Germany office in 2011, offset by decreased facilities in Denver and the closure of the Ottawa, Canada facility.

Adjusted EBITDA

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) are not a recognized performance measure under GAAP and do not have a standardized meaning prescribed by IFRS. The term EBITDA consists of net income (loss) and excludes interest, taxes, depreciation, and amortization. Adjusted EBITDA also excludes restructuring costs, stock-based compensation, gain or loss on the disposal of equipment, and gain or loss on foreign currency translation. Adjusted EBITDA is included as a supplemental disclosure because management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. The most directly comparable measure to adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net income (loss) to adjusted EBITDA.

U.S. $ millions	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Net loss	**$ (3.4)**	$ (9.2)	**$ (8.3)**	$ (19.7)
Depreciation of property and equipment	**0.9**	1.2	**1.9**	2.4
Amortization of multi-client data library	**1.2**	3.6	**2.4**	6.8
Amortization of intangible assets	**0.1**	0.1	**0.2**	0.2
Restructuring costs	**0.5**	0.3	**1.5**	0.5
Stock-based compensation	**0.4**	0.4	**0.8**	0.6
Income tax expense	**-**	-	**-**	-
Loss (gain) on disposal of equipment	**(2.5)**	0.1	**(2.5)**	0.1
Loss (gain) on foreign currency translation	**0.1**	0.2	**0.2**	0.4
Adjusted EBITDA	**$ (2.7)**	$ (3.3)	**$ (3.8)**	$ (8.7)

Adjusted EBITDA for the three-month period ended June 30, 2011, was a loss of $2.7 million, compared to a loss of $3.3 million for the same period in 2010. The three-month period ended June 30, 2011, includes a reduction in operating costs of $1.1 million (net of restructuring costs) and a reduction in revenue of $0.8 million as compared to the same period in 2010.

Adjusted EBITDA for the six-month period ended June 30, 2011, was a loss of $3.8 million, compared to a loss of $8.7 million for the same period in 2010. The decrease in the adjusted EBITDA loss for the six-month period ended June 30, 2011, as compared to the same period in 2010 is primarily attributable to an increase in revenue of $2.5 million, and a reduction of operating costs (net of restructuring costs) of $1.0 million.

Depreciation of Property and Equipment

Depreciation expense for the three-month period ended June 30, 2011, totaled $0.9 million (six-month period $1.9 million) compared to $1.2 million (six-month period $2.4 million) for the same period in 2010. The decrease in depreciation expense is primarily the result of certain NEXTMap dedicated assets reaching the end of their useful lives.

Amortization of MCDL

Amortization expense relating to the MCDL for the three-month period ended June 30, 2011, decreased to $1.2 million from $3.6 million for the same period in 2010. For the six-month periods ended June 30, 2011 and 2010, amortization expense relating to the MCDL was $2.4 million and $6.8 million, respectively. The decrease in MCDL amortization expense was due to the impairment of the MCDL asset during the second half 2010.

Loss (gain) on the Disposal of Equipment

During 2010, the Company committed to sell one of its IFSAR enabled aircraft, which was no longer required subsequent to the completion of the NEXTMap USA and NEXTMap Europe datasets. The aircraft and IFSAR radar equipment (including associated processing technology and software tools) had a net book value of $1.2 million and $0.3 million, respectively, at the end of June 2011 when the aircraft title passed to the purchaser. The Company received full proceeds from the purchaser for the sale of the assets totaling $4.0 million in December 2010. The gain recognized from the sale of these assets in the three- and six-month period ended June 30, 2011, was $2.5 million.

Interest Income and Expense

Finance income is generated from investment of cash in low-yield government-backed securities (see "Liquidity and Capital Resources"). The investment of these funds earned the Company $1 thousand in finance income during the three-month period ended June 30, 2011, compared to $Nil during the same period in 2010. During the six-month periods ended June 30, 2011 and 2010, finance income was $2 thousand and $1 thousand, respectively.

Finance costs for the three-month period ended June 30, 2011, totaled $35 thousand (six-month period $63 thousand), compared to $40 thousand (six-month period $85 thousand) for the same period in 2010. The decrease in finance costs in the three- and six-month periods ended June 30, 2011, compared to the same period in 2010 is due to the reduction of principal resulting from recurring payments on long-term debt and a term loan reaching maturity and final payments made on August 9, 2010.

Loss on Foreign Currency Translation

The Company continuously monitors the level of foreign currency assets and liabilities carried on the consolidated balance sheet in an effort to minimize as much of the foreign currency translation exposure as possible. Steps taken to minimize translation effects have included the movement of cash and cash equivalents between Canadian dollar, Australian dollar, Euro and United States dollar currencies. The result is a partial natural currency hedge for the Company.

During the three-month period ended June 30, 2011, a foreign currency translation loss of $69 thousand was recorded, compared to a loss of $184 thousand for the same period in 2010. During the six-month period

ended June 30, 2011, a foreign currency translation loss of $152 thousand was recorded, compared to a loss of $391 thousand for the same period in 2010. The losses for 2011 were primarily the result of losses on the amounts receivable balances held in foreign currencies.

Income Tax

Current income tax expense of $46 thousand (six-month period expense of $80 thousand) was incurred during the three-month period ended June 30, 2011, compared to a recovery of $6 thousand (six-month period expense of $29 thousand) during the same period in 2010. This recovery and expense relates to taxable income generated from the Company's Indonesian, Slovak Republic, United Kingdom, Czech Republic and Australian subsidiaries.

During the three-month period ended June 30, 2011, a deferred income tax recovery of $20 thousand (six-month period recovery of $40 thousand), compared to an expense of $52 thousand (six-month period expense of $9 thousand) for the same period in 2010, was recorded. The changes were the result of deferred tax expense related to the German subsidiary and a deferred income tax recovery resulting from the amortization of intangible assets held in the Czech Republic subsidiary, which have no tax basis. The Company did not recognize any income tax expense on any other operations during the three and six-month periods ended June 30, 2011 and 2010, due to losses incurred in the United States and Canada.

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 to $4.8 million at June 30, 2011, from $5.2 million at December 31, 2010. The decrease was primarily due to timing of collections. These amounts represent 94 days' sales at June 30, 2011, compared to 120 days sales at December 31, 2010, and reflect specific project billing milestones on current contracts that were in progress on those dates.

The unearned revenue balance at June 30, 2011, decreased to $2.6 million from $4.9 million at December 31, 2010. 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. The majority of the revenue associated with these contracts is expected to be recognized during the second half of 2011.

Work in Process

Work in process generally results from the collection and processing of data for future licensing. The Company has recorded the costs incurred for this data collection as work in process, and such costs will be expensed (i) once a contract has been received and the data is delivered, or (ii) if it is determined that the costs are greater

than the net realizable value. Work in process for the three-month period ended June 30, 2011, decreased to $35 thousand from $59 thousand at December 31, 2010.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals and personnel-related costs. Accounts payable and accrued liabilities increased from $4.8 million at December 31, 2010, to $5.7 million at June 30, 2011. This increase is due to timing of payments against trade payables. Accounts payable at December 31, 2010, and at June 30, 2011, includes $1.6 million that was converted to a promissory note during 2010 that defines the payment terms of an outstanding accounts payable balance. The balance is payable during the last half of 2011, subject to available cash resources within the Company.

Assets Held for Sale and Deposit for Sale of Assets

During 2010, the Company committed to sell one of its IFSAR enabled aircraft, which was no longer required subsequent to the completion of the NEXTMap USA and NEXTMap Europe datasets. The aircraft and IFSAR radar equipment (including associated processing technology and software tools) had a net book value of $1.2 million and $0.3 million, respectively at the time the title passed on the assets at the end of June 2011. The aircraft and associated IFSAR radar equipment were available for immediate sale and were presented as non-current assets held for sale at December 31, 2010. The Company received payments totaling $4.0 million from the purchaser in December 2010, and such payments were presented as deposit for sale of assets at December 31, 2010. The title to the assets formally passed to the purchaser during the month of June, 2011.

Capital Lease Obligations and Long-Term Debt

Capital lease obligations and long-term debt totaled $1.1 million at June 30, 2011, compared to $1.4 million at December 31, 2010. The decrease is the result of recurring payments on outstanding capital lease obligations and long-term bank loan obligations.

Provisions

Provisions totaled $1.6 million at June 30, 2011, and December 31, 2010. At the end of 2009, the Company announced its decision to close its office in Ottawa, Canada, resulting in the recognition of a liability for future lease payments of $0.8 million. Of this total obligation, $0.3 million was recorded as long-term provisions and $0.4 million was included in current liabilities as of June 30, 2011. In June 2011, the Company began the closure process of its office in Munich, Germany, resulting in the recognition of a liability for future lease payments of $0.3 million. Of the total obligation, $0.1 million was recorded as long-term provisions and $0.2 million was included in current liabilities as of June 30, 2011.

The balance in current liabilities at June 30, 2011, includes $0.5 million of expenses related to reductions in workforce that occurred in January and June of 2011. At December 31, 2010, accrued liabilities include $0.8 million of expenses related to a reduction in workforce that occurred in the third quarter of 2010 and $0.3 million related to the closure of the Company's Ottawa office during 2010.

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 2009	Q4 2009	Q1 2010 (1)	Q2 2010 (1)	Q3 2010 (1)	Q4 2010 (1)	Q1 2011	**Q2 2011**
Revenue:								
Contract services	$ 7.4	$ 4.9	$ 1.2	$ 1.6	$ 0.7	$ 0.8	$ 2.9	**$ 2.4**
Multi-client data licenses	3.0	3.3	2.3	3.7	0.9	2.8	3.9	**2.0**
Total revenue	$ 10.4	$ 8.2	$ 3.5	$ 5.3	$ 1.6	$ 3.6	$ 6.8	**$ 4.4**
Depreciation and amortization	$ 4.3	$ 4.9	$ 4.5	$ 5.0	$ 5.0	$ 4.9	$ 2.2	**$ 2.2**
Net loss	$ (4.3)	$ (7.6)	$ (10.5)	$ (9.2)	$ (12.1)	$ (66.0)	$ (4.9)	**$ (3.4)**
Net loss per share basic and diluted	$ (0.08)	$ (0.15)	$ (0.20)	$ (0.18)	$ (0.20)	$ (1.17)	$ (0.08)	**$ (0.05)**

(1) Amounts presented for Q1 through Q4 2010 have been restated for IFRS, and the amounts presented for Q3 through Q4 2009 have not been restated and are the originally disclosed amounts under GAAP.

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 and deferred revenue, (ii) investing activities, including the investment in the MCDL and 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 three-month period ended June 30, 2011, totaled $3.6 million (six-month period $6.7 million used), compared to cash used by operations of $5.0 million (six-month period $2.5 million used) during the same period in 2010. The lower total cash used in operations during the three-month period ended June 30, 2011, resulted primarily from lower net loss as compared to the same period in 2010. In the six-month period ended June 30, 2010, non-cash operating working capital increased due to a significant decrease in amounts receivable and unbilled revenue of $6.9 million.

Net cash used in investing activities totaled $0.1 million (six-month period $0.2 million) for the three months ended June 30, 2011, compared to $1.8 million (six-month period $3.6 million) during the same period in 2010. Cash used in investing activities during the three-month period ended June 31, 2011, was primarily

for the purchase of computer related equipment of $0.1 million (six-month period $0.2 million) compared to investment in the MCDL of $1.4 million (six-month period $2.9 million) and the purchase of property and equipment of $0.4 million (six-month period $0.7 million) during the same period in 2010. For the six months ended June 30, 2011, compared to the same period in 2010, investment in the MCDL decreased as the NEXTMap USA dataset was completed in 2010.

Net cash generated by financing activities totaled $6.2 million during the three months ended June 30, 2011, compared to $0.3 million used in financing during the same period in 2010. The net cash generated from financing activities during the three months ended June 30, 2011, was due to the completion of a share issuance of 16,125,000 units (each unit consist of one Class A common share of the Company and one common share purchase warrant) for total gross consideration of $6.8 million, offset by $0.4 million of cash securities issuance costs. Net cash provided by financing activities during the six-month period ended June 30, 2011, was $6.1 million compared to net cash used of $0.6 million for the same period in 2010. The net cash provided by or used for financing activities during the three months ended June 30, 2011 and 2010, includes the repayment of long-term debt and capital leases of $0.2 million (six-month period $0.3 million) and $0.3 million (six months $0.6 million), respectively.

The cash position of the Company at June 30, 2011 (cash and cash equivalents), was $3.6 million compared to $4.4 million at December 31, 2010. Working capital improved to a negative $0.8 million as of June 30, 2011, from a negative $3.5 million as of December 31, 2010.

The negative working capital position at June 30, 2011, is primarily driven by balances in accounts payable and accrued liabilities. At June 30, 2011, $2.6 million of unearned revenue relates to payments received from customers on contracts for which the Company expects to recognize the majority of the revenue during the third and fourth quarters of 2011. Management believes anticipated improved operating results and / or financing activities will result in a positive working capital position by the end of 2011.

During the three-month period ended June 30, 2011, the Company incurred a loss of $3.4 million (six-month period $8.3 million) and had negative cash flow from operations of $3.6 million (six-month period $6.7 million). In addition, the Company has an accumulated deficit of $178.0 million and its continuing operations are dependent on its ability to generate future profitable operations, sell excess capacity assets, or obtain additional financing to fund future operations and, ultimately, generate positive cash flows from operations.

The above factors raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including several organizational restructurings; new senior management, sale of excess capacity assets, a company-wide cost-reduction program, adjustments to the sales and marketing functions, and the raising of additional capital. The Company's ability to continue as a going concern is dependent on Management's ability to successfully generate a profit from operations, sell assets, or raise additional financing if required. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and /or results of operations.

The Company cannot be certain that its cash generated from operations and the gross financing cash generated of $6.8 million in April 2011 will be sufficient to satisfy its liquidity requirements on a go forward basis.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

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

Goods Sold

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

Fixed-price Contracts

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

MCDL (NEXTMap)

The Company maintains an MCDL, which results from the acquisition and processing of digital map data. All ownership rights to this data are retained by the Company and the data is licensed to customers. All of the direct costs of acquiring and processing the data are capitalized as an investment in the MCDL. These costs include direct overhead associated with the acquisition and processing of the data and the depreciation of the property and equipment used in the production of the data.

The remaining MCDL balance as of December 31, 2010, is being amortized on a monthly basis using the straight-line amortization method over 60 months.

The carrying value of the MCDL is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has determined that the NEXTMap USA and NEXTMap Europe datasets represent separate cash generating units for impairment testing purposes. The Company has identified addressable markets for each of these datasets and has estimated future MCDL license sales and cash flows within these addressable markets. The forecasts of estimated MCDL cash flows

are reviewed each quarter taking into account economic and market trends, technical advances, competitive developments, and actual sales versus forecasts.

In December 2010, a strategic review of the Company's approach to selling the NEXTMap datasets in the United States and Europe was undertaken by the new executive management of the Company. Upon completion of this review, it was determined that the historical pricing strategy of the NEXTMap datasets required downward adjustment and the Company could no longer afford to invest the resources necessary to exploit certain target markets previously identified. These changes, coupled with the Company's history of losses, led the Company to perform an asset impairment review to determine if the carrying value of the NEXTMap USA and NEXTMap Europe cash generating units were recoverable. The Company determined that the future expected cash flows of the datasets were insufficient to recover the carrying value of the assets, resulting in an impairment charge being taken during the year ending December 31, 2010. Subsequent to the impairment charge, the net book value of the NEXTMap USA and NEXTMap Europe datasets at December 31, 2010, were $12.9 million and $10.1 million, respectively.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company prepared its condensed consolidated interim financial statements in accordance with IAS34 as issued by the International Accounting Standards Board (IASB) and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011.

These condensed consolidated interim financial statements are subsequent to the Company's transition to IFRS, effective as of January 1, 2010 (the Transition Date), and the Company's first reporting period under IFRS was the three months ended March 31, 2011. Full disclosure of the impact of the Company's transition to IFRS can be found in notes 2, 3 and 16 to the Company's financial statements for the first quarter ended March 31, 2011, and within the Company's MD&A for the first quarter ended March 31, 2011.

IFRS Transition

In preparing its opening IFRS condensed consolidated interim balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian -GAAP-. The table below outlines the adjustments to shareholders' equity at June 30, 2010.

		June 30, 2010
Shareholders' equity under GAAP	$	95,995
Property and equipment		(71)
Multi-client data library		2,680
Intangible assets		16
Shareholders' equity under IFRS	**$**	**98,620**

A reconciliation of comprehensive income under GAAP and IFRS for the three and six months ended June 30, 2010, is as follows:

	Three Months Ended **June 30, 2010**	Six Months Ended **June 30, 2010**
Comprehensive loss under GAAP	$ 10,080	$ 21,243
Net loss adjustments:		
Operating costs	847	1,191
Depreciation of property and equipment	3	6
Amortization of multi-client data library	78	436
Amortization of intangible assets	(21)	(21)
Impairment of multi-client data library	-	-
Loss on foreign currency translation	(63)	(82)
Total net loss adjustments	844	1,530
Comprehensive loss adjustments:		
Foreign currency translation differences	(5)	(26)
Comprehensive loss under IFRS	**$ 9,241**	**$ 19,739**

Note 17 to the Company's financial statements for the second quarter ended June 30, 2011, include further details on the transition adjustments between GAAP and IFRS.

Post implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. It is noted that the standard-setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that have been selected. In particular, it is expected that there may be additional new or revised IFRS standards or International Financial Reporting Interpretations Committee (IFRIC) interpretations in relation to consolidation, financial instruments, leases and revenue recognition. Processes are in place to ensure that potential changes are monitored and evaluated. The impact of any new IFRS standards and IFRIC interpretations will be evaluated as they are drafted and published.

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 11, 2011, 78,461,454 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of August 11, 2011, 5,774,645 stock options are outstanding in the Company's stock option plan with a weighted average exercise price of C$2.51. In addition, there are 17,850,000 warrants outstanding that are exercisable with a weighted average exercise price of C$0.41, and each warrant entitles the holder to purchase one Class A common share.

DISCLOSURE CONTROLS AND PROCEDURES, AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to Management as appropriate to allow timely decisions regarding required disclosure. Pursuant to Multilateral Instrument 52-109, the Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the disclosure controls and procedures as at June 30, 2011, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company.

Internal Control Risks

Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, reviewed and evaluated the design and operating effectiveness of the internal controls over financial reporting (as defined by Multilateral Instrument 52-109) and concluded that sufficient controls exist at June 30, 2011, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Other than changes related to the Company's IFRS transition plan, there have been no changes in the design of internal controls over financial reporting that occurred during the quarter ended June 30, 2011, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The risks and uncertainties described in Management's Discussion and Analysis presented in the 2010 Annual Report and the Annual Information Form of the Company have not changed materially.

Condensed Consolidated Interim Balance Sheets

(In thousands of United States dollars)
(Unaudited)

		June 30, 2011		December 31, 2010
Assets				
Current assets:				
Cash and cash equivalents	**$**	**3,576**	$	4,356
Amounts receivable		**4,140**		4,156
Unbilled revenue		**669**		1,016
Work in process		**35**		59
Prepaid expenses		**1,073**		1,039
Non-current assets held for sale (Note 4)		**-**		1,488
		9,493		12,114
Property and equipment (Note 5)		**6,238**		7,908
Multi-client data library (Note 6)		**20,744**		23,049
Intangible assets		**344**		551
Deferred tax assets		**5**		5
	$	**36,824**	$	43,627
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (Note 7)	**$**	**5,696**	$	4,780
Current portion of provisions (Note 12)		**1,219**		1,109
Current portion of deferred lease inducements		**102**		123
Unearned revenue		**2,573**		4,873
Deposit for sale of assets (Note 4)		**-**		4,000
Income taxes payable		**61**		50
Current portion of obligations under finance lease		**83**		151
Current portion of long-term debt (Note 8)		**561**		527
		10,295		15,613
Deferred lease inducements		**394**		286
Long-term provisions (Note 12)		**414**		531
Obligations under finance lease		**26**		41
Long-term debt (Note 8)		**393**		658
Deferred tax liabilities		**53**		93
		11,575		17,222
Shareholders' equity:				
Share capital (Note 10)		**193,805**		187,253
Accumulated other comprehensive income		**137**		128
Contributed surplus (Note 10(c))		**9,320**		8,700
Deficit		**(178,013)**		(169,676)
		25,249		26,405
Going concern (Note 2(a))				
Commitments (Note 11)				
	$	**36,824**	$	43,627

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive Income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	**2011**	2010
Revenue:				
Contract services	**$ 2,475**	$ 1,550	**$ 5,420**	$ 2,760
Multi-client data licenses	**1,964**	3,720	**5,847**	5,987
	4,439	5,270	**11,267**	8,747
Expenses:				
Operating costs (Note 9)	**8,086**	9,157	**17,493**	18,421
Depreciation of property and equipment	**883**	1,191	**1,839**	2,386
Amortization of multi-client data library	**1,153**	3,684	**2,305**	6,838
Amortization of intangible assets	**123**	126	**227**	230
	10,245	14,158	**21,864**	27,875
Operating loss	**(5,806)**	(8,888)	**(10,597)**	(19,128)
Gain (loss) on disposal of equipment	**2,513**	(78)	**2,513**	(72)
Financing costs	**(34)**	(40)	**(61)**	(84)
Loss on foreign currency translation	**(69)**	(184)	**(152)**	(391)
Loss before income taxes	**(3,396)**	(9,190)	**(8,297)**	(19,675)
Income tax (expense) recovery:				
Current	**(46)**	6	**(80)**	(29)
Deferred	**20**	(52)	**40**	(9)
	(26)	(46)	**(40)**	(38)
Net loss for the period	**$ (3,422)**	$ (9,236)	**$ (8,337)**	$ (19,713)
Other comprehensive income (loss):				
Foreign currency translation differences	**9**	(5)	**9**	(26)
Total comprehensive loss for the period	**$ (3,413)**	$ (9,241)	**$ (8,328)**	$ (19,739)
Basic and diluted loss per share	**$ (0.05)**	$ (0.18)	**$ (0.12)**	$ (0.38)
Weighted average number of Class A common shares - basic and diluted (Note 10(d))	**72,382,197**	52,433,166	**66,964,706**	52,432,604

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

(In thousands of United States dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
Balance at January 1, 2010	$ 181,623	$ 7,858	$ 147	$ (71,835)	$ 117,793
Comprehensive loss for the period	-	-	(26)	(19,713)	(19,739)
Stock-based compensation	100	466	-	-	566
Balance at June 30, 2010	181,723	8,324	121	(91,548)	98,620
Comprehensive loss for the period	-	-	7	(78,128)	(78,121)
Stock-based compensation	98	376	-	-	474
Issuance of shares	6,157	-	-	-	6,157
Issuance costs	(725)	-	-	-	(725)
Balance at December 31, 2010	187,253	8,700	128	(169,676)	26,405
Comprehensive loss for the period	-	-	9	(8,337)	(8,328)
Stock-based compensation	410	355	-	-	765
Issuance of shares	6,791	-	-	-	6,791
Issuance costs	(384)	-	-	-	(384)
Compension options isued to agent	(265)	265	-	-	-
Balance at June 30, 2011	$ 193,805	$ 9,320	$ 137	$ (178,013)	$ 25,249

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of United States dollars)
(Unaudited)

	For the six months ended June 30, 2011	2010
Cash flows (used in) provided by:		
Operating activities:		
Net loss for the period	**$ (8,337)**	$ (19,713)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**1,839**	2,386
Amortization of multi-client data library	**2,305**	6,838
Amortization of intangible assets	**227**	230
Share-based compensation expense	**857**	566
(Gain) loss on disposal of equipment	**(2,513)**	72
Amortization of deferred lease inducements	**89**	(165)
Deferred taxes	**(40)**	9
Financing costs	**61**	(84)
Current income tax expense	**80**	29
Interest paid	**(41)**	(84)
Income tax paid	**(66)**	(68)
Change in non-cash operating working capital	**(1,173)**	7,454
	(6,712)	(2,530)
Investing activities:		
Purchase of property and equipment	**(169)**	(674)
Investment in multi-client data library	**-**	(2,909)
Proceeds from sale of equipment	**1**	19
	(168)	(3,564)
Financing activities:		
Proceeds from issuance of common shares	**6,791**	-
Securities issuance costs	**(384)**	-
Repayment of obligations under finance lease	**(82)**	(137)
Repayment of long-term debt	**(265)**	(483)
	6,060	(620)
Effect of foreign exchange on cash	**40**	(327)
Decrease in cash and cash equivalents	**(780)**	(7,041)
Cash and cash equivalents, beginning of period	**4,356**	10,355
Cash and cash equivalents, end of period	**$ 3,576**	$ 3,314

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

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

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 1250 Standard Life Building, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9.

The Company is a digital mapping company creating uniform high-resolution 3D digital models of the earth's surface. The Company is building a geospatial database, called NEXTMap®, consisting of elevation data and geometric images.

2. Basis of preparation:

a. Going concern:

These financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the six months ended June 30, 2011, the Company incurred a loss of $8,337 and negative cash flow from operations of $6,712. In addition, the Company has an accumulated deficit of $178,013 and its continuing operations are dependent on its ability to generate future profitable operations, sell excess capacity assets, and / or obtain additional financing to fund future operations, and ultimately, to generate positive cash flows from operations.

The above factors raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including an organizational restructuring, sale of excess capacity assets, a company-wide cost reduction program, a revised approach to pricing and selling of the Company's products and services, and has obtained additional financing. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing, if required. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations.

The Company cannot be certain that cash generated from its operations will be sufficient to satisfy its liquidity requirements, and it may need to continue to raise capital by selling additional equity and / or by securing credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favorable to the Company.

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

b. Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB), and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011. These accounting policies are disclosed in Note 3 of the Company's 2011 first quarter condensed consolidated interim financial statements.

These are the Company's second quarterly condensed consolidated interim financial statements subsequent to the Company's transition to International Financial Reporting Standards (IFRS), effective as of January 1, 2010 (the Transition Date). IFRS 1, First-time adoption of IFRS (IFRS 1), has been applied. An explanation of how the transition to IFRS has affected these interim consolidated financial statements is included in Note 16. As these quarterly condensed consolidated financial statements are prepared using IFRS, certain disclosures required to be included in the annual consolidated financial statements prepared in accordance with IFRS were included in Notes 16 and 17 of the Company's first quarterly condensed consolidated interim financial statements.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of August 11, 2011, the date the Board of Directors approved the condensed consolidated interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011, could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on change-over to IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2010 annual consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP) and with the IFRS accounting policies, transitioned disclosures and selected annual disclosures in Notes 1, 3, 16, and 17 of the Company's 2011 first quarter condensed consolidated interim financial statements.

c. Measurement basis:

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

3. Summary of significant accounting policies:

These interim consolidated financial statements have been prepared using the same accounting policies and methods as were used to prepare the Company's 2011 first quarterly condensed consolidated interim financial statements.

4. Non-current assets held for sale:

During 2010, the Company committed to sell one of its interferometric synthetic aperture radar (IFSAR)-enabled aircraft, which is no longer required subsequent to the completion of the NEXTMap USA and NEXTMap Europe datasets. The aircraft and IFSAR radar equipment had a carrying value of $1,142 and $346, respectively. The aircraft and associated IFSAR radar equipment were presented within current assets as non-current assets held for sale on the December 31, 2010, condensed consolidated balance sheet. The Company received a payment of $4,000 from the purchaser in December 2010, and such payment was presented in the December 31, 2010, condensed consolidated balance sheet within current liabilities as deposit for sale of assets, pending delivery of the aircraft and associated radar equipment to the customer, and also the receipt of certain governmental approvals associated with the sale and usage of the radar equipment. The aircraft and associated IFSAR radar equipment were transferred to the buyer in June 2011, subsequent to the receipt of the necessary governmental approvals, and the Company recorded a gain on the sale of $2,513.

5. Property and equipment:

Property and equipment	Aircraft	Mapping equipment	Furniture, fixtures & auto	Leases	Under construction	Total
Balance at January 1, 2010	$ 6,180	$ 6,278	$ 143	$ 310	$ 391	$ 13,302
Additions	-	142	-	370	873	1,385
Disposals	-	(8)	-	(84)	-	(92)
Depreciation	(1,063)	(3,242)	(66)	(196)	-	(4,567)
Capitalized depreciation (Note 6)	-	(632)	-	-	-	(632)
Transfer from under construction	-	1,233	-	-	(1,233)	-
Transfer to held for sale	(1,488)	-	-	-	-	(1,488)
Balance at December 31, 2010	3,629	3,771	77	400	31	7,908
Additions	-	67	-	-	-	67
Disposals	-	-	-	-	-	-
Depreciation	(159)	(741)	(14)	(42)	-	(956)
Transfer from under construction	-	30	-	-	(30)	-
Balance at March 31, 2011	$ 3,470	$ 3,127	$ 63	$ 358	$ 1	$ 7,019
Additions	-	28	-	-	74	102
Disposals	-	-	-	-	-	-
Depreciation	(166)	(662)	(12)	(43)	-	(883)
Transfer from under construction	-	1	-	-	(1)	-
Balance at June 30, 2011	$ 3,304	$ 2,494	$ 51	$ 315	$ 74	$ 6,238

The gross amount of property and equipment at June 30, 2011, was $40,641 (year ended December 31, 2010 – $40,507). The accumulated depreciation at June 30, 2011, was $34,403 (year ended December 31, 2010 – $32,599).

6. Multi-client data library:

Multi-client data library		
Balance at January 1, 2010	$	87,520
Direct costs and overhead		4,605
Capitalized depreciation (Note 5)		632
Amortization and impairment charge		(69,708)
Balance at December 31, 2010		23,049
Amortization		(1,152)
Balance at March 31, 2011		21,897
Amortization		(1,153)
Balance at June 30, 2011	$	20,744

In December of 2010, a strategic review of the Company's approach to selling the NEXTMap datasets in the United States and Europe was undertaken by the new executive management of the Company. Upon completion of this review, it was determined that the historical pricing strategy of the NEXTMap datasets required downward adjustment, and the Company could no longer afford to invest the resources necessary to exploit certain target markets previously identified. As a result, an impairment test was triggered and a review was performed during the fourth quarter of 2010 to determine if the carrying value of the NEXTMap USA and NEXTMap Europe asset groups were recoverable.

The Company reviewed its cash-generating units which represent the smallest group of assets that generate cash in-flows from continuing use that are largely independent of the cash flows of other assets. The Company determined that an impairment test was required for its NEXTMap Europe, NEXTMap USA, and contract services cash-generating units.

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

- Cash flows were projected based on past experience, actual operating results, and the business plans of the Company.
- Cash flows were projected for a period of five years being the minimum expected useful life of each unit. Five years was used as this period coincided with the Company's business plans and the expected minimum useful life of the assets. The assets were recently completed or completion is in progress, and a steady rate of growth has not been achieved.

- The revenues were based on specific opportunities identified, historical experience, and market studies.
- Costs have been estimated based on the Company's strategic plans and estimated effort involved in achieving the forecasted revenues.
- A pre-tax discount rate of 9% was applied in determining the recoverable amount. The discount rate was estimated based on past experience, current rates of interest, the current market place, and current offers received for capital.

The values assigned to the key assumptions represent management's assessment of future trends in the mapping industry, and are based on external and internal sources.

The Company determined the future expected cash flows of the datasets were insufficient to recover the carrying value of the assets, resulting in an impairment charge during the year ended December 31, 2010. The impairment charge was included in net loss for the year ended December 31, 2010.

The following table outlines the charges associated with the impairment for the period ended December 31, 2010:

	Historical Cost	Impairment and Accumulated Amortization	December 31, 2010
NEXTMap USA	$ 81,064	$ (68,119)	**$ 12,945**
NEXTMap Europe	39,266	(29,162)	**10,104**
	$ 120,330	$ (97,281)	**$ 23,049**

7. Accounts payable and accrued liabilities:

	June 30, 2011	December 31, 2010
Accounts payable	$ 3,076	$ 2,355
Accrued liablities	2,592	2,410
Other taxes payable	28	15
	$ 5,696	$ 4,780

At June 30, 2011, accounts payable and accrued liabilities include a promissory note with a service provider that defines the payment terms of an outstanding accounts payable balance. The note bears interest at 4% per annum and is secured by an aircraft owned by the Company. The payment terms of the note are designated as a percentage of the proceeds received under a specified mapping services contract during 2011. The principal balance of the promissory note at June 30, 2011, was $1,672, of which $33 is interest (year ended December 31, 2010 – $1,639).

8. Long-term debt:

		June 30, 2011		December 31, 2010
Bank term loan	$	**954**	$	1,185
		954		1,185
Less current portion		**(561)**		(527)
	$	**393**	$	658

In December 2007, the Company obtained a term loan from a Canadian bank in the amount of $2,522 ($2,500 CDN). The loan is repayable in monthly installments of $42 ($40 CDN) over a term of 60 months maturing on February 28, 2013. The loan bears interest at 6.25% and is secured by a general security agreement. An aircraft owned by the Company is listed as the primary collateral under the general security agreement.

Principal repayments of long-term debt are as follows:

Twelve months ended June 30,		
2012	$	561
2013		393
	$	954

9. Operating costs:

		For the three months ended June 30, 2011		2010		For the six months ended June 30, 2011		2010
Personnel (1)	$	**4,341**	$	5,101	$	**9,806**	$	10,653
Purchased services & materials (2)		**2,477**		2,748		**5,263**		5,074
Travel		**374**		501		**831**		1,050
Facilities and other expenses (3)		**894**		807		**1,593**		1,644
	$	**8,086**	$	9,157	$	**17,493**	$	18,421

(1) Includes $183 and $Nil of separation costs during the quarters ended June 30, 2011, and 2010, respectively and $1,519 and $290 of separation costs during the six months ended June 30, 2011, and 2010, respectively.

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

(3) Includes $349 and $Nil of facility closure costs during the three and six-months ended June 30, 2011, and 2010, respectively.

10. Share capital:

a. Authorized:

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

b. Issued:

	June 30, 2011			December 31, 2010		
Class A common shares	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	**60,796,507**	**$**	**187,253**	52,432,037	$	181,623
Stock-based compensation	**884,105**		**410**	239,470		198
Restricted shares held in escrow	**655,842**		**-**	-		-
Issuance of shares	**16,125,000**		**6,791**	8,125,000		6,157
Compensation warrants issued to agent	**-**		**(265)**	-		-
Issuance costs	**-**		**(384)**	-		(725)
Balance, end of period	**78,461,454**	**$**	**193,805**	60,796,507	$	187,253

On June 2, 2011, the Company issued 450,000 Class A common shares pursuant to a three year employment agreement with the Company's Chief Executive Officer. The shares are held by a third party escrow agent pursuant to an Escrow Agreement (see Note 10 (j)) and can be released from escrow upon the achievement of certain market performance conditions.

On June 2, 2011, the Company issued 384,615 Class A common shares to be issued in exchange for compensation for employment services provided during the first year of the three year employment agreement with the Company's Chief Executive Officer. The shares are held by a third party escrow agent pursuant to an Escrow Agreement (see Note 10(j)), and are released in quarterly installments equivalent to $37.5. As of June 30, 2011, 178,773 shares have been released for services rendered.

On June 2, 2011, 20,656 Class A common shares were issued to a director of the Company as compensation for services. Compensation expense of $8 for these Class A common shares is included in operating costs (see Note 10(e)).

On April 29, 2011, the Company completed a private placement resulting in the issuance of 16,125,000 Units for aggregate consideration of $6,791. Each Unit had a purchase price of $0.40 CDN and consisted of one Class A common share of the Corporation and one Class A common share purchase warrant. Each warrant entitles the holder to purchase one Class A common share at a purchase price of $0.48 CDN per share for a period of three years from the issue date. In addition, the Corporation paid agency fees of $384 and 1,225,000 warrants to a third party for services rendered in connection with the transaction. The agency fee warrants were issued on the same terms as the private placement warrants. The Company recorded non-cash issuance costs related to this award based on the fair value of the award at the date of the closing of $265, bringing the total costs of the issuance to $649. The securities issued in connection with the private placement have certain restrictions associated with the resale of the shares.

On March 15, 2011, 79,689 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $33 for these Class A common shares is included in operating costs (see Note 10(e)).

On March 15, 2011, 548,376 Class A common shares were issued to employees of the Company as compensation for services. Compensation expense of $263 for these Class A common shares is included in operating costs (see Note 10(f)).

On February 28, 2011, 56,611 Class A common shares were issued to an employee of the Company as compensation for services. Compensation expense of $30 for these Class A common shares is included in operating costs (see Note 10(f)).

On October 1, 2010, 136,770 Class A common shares were issued to employees of the Company as compensation for services. Compensation expense of $98 for these Class A common shares is included in operating costs (see Note 10(f)).

On July 6, 2010, the Company issued, on a bought deal basis, 8,125,000 Class A common shares at a price of $0.80 CDN per Class A common share, representing gross proceeds to the Company of $6,157 ($6,500 CDN). In connection with the share issuance, the Company issued a compensation option to its underwriters entitling them to purchase an aggregate of 500,000 Class A common shares at a price of $0.80 CDN per Class A common share at any time for a period of 12 months following the closing of the offering. The Company recorded non-cash issuance costs related to these awards based on the fair value of the award at the date of the closing of $110, bringing total costs of the issuance to $725.

On June 30, 2010, 102,700 Class A common shares were issued to non-employee directors of the Company as compensation for services. Compensation expense of $100 for these Class A common shares is included in operating costs (see Note 10(e)).

c. **Contributed surplus:**

		June 30, 2011		December 31, 2010
Balance, beginning of period	**$**	**8,700**	$	7,858
Stock-based compensation		**355**		732
Compensation warrants issued to agent/underwriter		**265**		110
Balance, end of period	**$**	**9,320**	$	8,700

d. **Loss per share:**

The calculation of loss per share is based on the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they are not included in the calculation of diluted loss per share. The Company has incurred a net loss for each period presented and the inclusion of 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 5,749,645 outstanding stock options and 17,875,000 outstanding warrants could potentially dilute earnings.

e. **Director's share compensation plan:**
The Company has a director's share compensation plan allowing for the issuance of up to 400,000 shares of the Company's Class A common shares to non-employee directors of the Company as part of their annual compensation. As of June 30, 2011, 15,527 Class A common shares remain available under the plan. Compensation expense for issued shares is included in operating costs.

f. **Employee share compensation plan:**
The Company established an employee share compensation plan to compensate employees for services performed. The plan was approved by the shareholders of the Company at the Annual General Meeting on May 12, 2009. The plan permits the issuance of up to 1,500,000 shares of the Company's Class A common shares to employees. As of June 30, 2011, 338,260 Class A common shares remain available for issuance under the plan. Compensation expense for issued shares is included in operating costs.

g. **Stock option plan:**
The Company established a stock 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, 2011, 7,846,145 Class A common shares were authorized under the plan, of which 25,000 warrants (See Note 10(i)) and 5,749,645 stock options are issued and outstanding and 2,071,500 options remain available for future issuance. Under the plan, no one individual shall be granted an option which exceeds 5% of the issued and outstanding Class A common shares of the Company. In addition, the exercise price of each option shall not be less than the market price of the Company's Class A common shares on the date of grant. The options are exercisable for a period of not greater than six years, and generally vest over a period of one to four years. Options granted to directors generally vest on the date of the grant and expire on the fifth anniversary of the date of such grant.

The following table summarizes information regarding stock options outstanding at June 30, 2011:

	June 30, 2011		December 31, 2010	
	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	**3,844,800**	**$ 3.98**	4,135,217	$ 4.42
Granted	**2,373,320**	**0.46**	677,000	0.76
Expired	**(275,275)**	**5.74**	(337,942)	5.39
Forfeitures	**(193,200)**	**2.42**	(629,475)	2.64
Options outstanding, end of period	**5,749,645**	**$ 2.51**	3,844,800	$ 3.98
Options exercisable, end of period	**2,499,000**	**$ 4.85**	2,686,275	$ 4.93

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.43	1,670,320	5.76 years	-
0.48	450,000	5.52 years	-
0.50	450,000	5.44 years	-
0.66	300,000	5.32 years	75,000
1.49	211,250	3.45 years	125,250
1.60	76,000	4.55 years	26,500
1.78	25,000	1.90 years	12,500
1.84	539,575	4.50 years	353,500
2.36	110,000	4.37 years	27,500
2.98	73,000	3.20 years	73,000
4.16	135,000	2.90 years	100,000
5.75	367,250	1.70 years	367,250
5.95	20,000	1.92 years	20,000
6.20	18,750	2.26 years	15,000
6.30	1,303,500	0.86 years	1,303,500
	5,749,645	3.92 years	2,499,000

For the six months ended June 30, 2011, 2,373,320 options were granted. The per share weighted-average fair value of the options granted during the six months ended June 30, 2011, was $0.28 per share, determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: expected dividend yield 0%, risk-free interest rate of ranging from 2.86% to 3.04%, volatilities ranging from 68.1% to 71.4%, and an expected life of six years. The estimated forfeiture rate was 5.43%.

h. Share-based compensation expense:

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

	Three months ended June 30, 2011	Three months ended June 30, 2010	**Six months ended June 30, 2011**	Six months ended June 30, 2010
Employees	**$ 316**	$ 299	**$ 756**	$ 457
Non-employees	**101**	100	**101**	109
Non-cash compensation	**$ 417**	$ 399	**$ 857**	$ 566

i. Class A common share purchase warrants:

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

	June 30, 2011	December 31, 2010
Balance, beginning of year	**575,000**	3,200,000
Issued	**17,350,000**	500,000
Expired	**(50,000)**	(3,125,000)
Balance, end of year	**17,875,000**	575,000

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from $0.40 CDN to $1.90 CDN, with a weighted average exercise price of $0.41 CDN. The outstanding warrants expire as follows: 500,000 on July 6, 2011; 25,000 on May 15, 2012; and 17,350,000 on April 28, 2014.

j. Restricted shares:

In connection with the three year employment agreement dated December 3, 2010, entered into with the Company's Chief Executive Officer (CEO), during the quarter ended June 30, 2011, the Company has issued 450,000 Class A common shares to him and such shares are held by a third party agent pursuant to an Escrow Agreement. The Escrow Agreement provides that up to 450,000 shares are to be released only upon the achievement of certain market performance conditions based on the performance of the Company's share price. The grant date fair value of the restricted shares was $118 and will be charged to non-cash compensation expense over the vesting period, which was determined to be 28 months. The Board of Directors believes that this arrangement is effective in aligning Mr. Todd Oseth's interests as CEO of the Company with the long term interests of the shareholders of the Company.

11. 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:

2012	$	1,319
2013		1,146
2014		872
2015		640
2016		556
2017		93
	$	4,626

12. Restructuring:

In the fourth quarter of 2009, the Company announced an organizational restructuring to reduce the capacity of data collection and production operations. This restructuring program included workforce reductions and the closure of the Company's Ottawa, Canada facility. The Company incurred additional restructuring costs in

connection with a further reduction of data collection and production operations personnel in January 2010 as a continuation of the 2009 actions.

In September 2010, the Company announced and completed an organizational restructuring. Total employee headcount was decreased by 17%, including a significant reduction at the executive level. The restructuring followed the Company's completion of the NEXTMap Europe and NEXTMap USA datasets, and supports the Company's effort to lower overall operating expenses and preserve cash.

In January 2011, the Company announced and completed an additional organizational restructuring. Total employee headcount was decreased by 30% in the Company's North American and European offices and 42% in its Indonesian office.

In June 2011, in an effort to continue to transform into a sales and marketing-driven organization, the Company announced the closure and liquidation of its Munich, Germany operation. The closure allows the Company to increase its sales agility on a distributed basis throughout Europe in the short-term while reducing fixed operating costs for the long-term.

A summary of the cost related to the restructuring events is as follows:

	Workforce Reduction	Excess Facility	Total
Amounts recorded for the twelve months ended December 31, 2009	$ 673	$ 714	$ 1,387
Amounts recorded for the twelve months ended December 31, 2010	1,421	406	1,827
Amounts recorded for the three months ended March 31, 2011	987	-	987
Amounts recorded for the three months ended June 30, 2011	183	349	532
Total	$ 3,264	$ 1,469	$ 4,733

At June 30, 2011, the provision associated with the restructuring and other related charges consisted of the following:

	Workforce Reduction	Excess Facility	Total
Balance at January 1, 2010	$ 442	$ 714	$ 1,156
2010 provisions	1,421	406	1,827
Payments	(1,035)	(308)	(1,343)
Balance at December 31, 2010	828	812	1,640
3 months ended March 31, 2011 provisions	987	-	987
Payments	(1,222)	(79)	(1,301)
Balance at March 31, 2011	593	733	1,326
3 months ended June 30, 2011 provisions	183	349	532
Payments	(225)	-	(225)
Balance at June 30, 2011	551	1,082	1,633
Current portion of provisions	528	691	1,219
Long-term provisions	23	391	414
	$ 551	$ 1,082	$ 1,633

The workforce reduction accrual of $551 is scheduled to be paid in installments through September 2012. The excess facility accrual of $1,082 is scheduled to be relieved by November 2013, the Ottawa, Canada lease termination date. The Munich, Germany lease termination date is August 2012. Total restructuring related costs of $1,519 are recorded in operating costs for the six months ended June 30, 2011 (year ended December 31, 2010 – $1,827).

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:

	Contract Services 3 months ended June 30, 2011	**Data Licenses 3 months ended June 30, 2011**	Contract Services 3 months ended June 30, 2010	Data Licenses 3 months ended June 30, 2010
United States of America	**$ 31**	**$ 422**	$ 1,283	$ 575
Asia/Pacific	**2,146**	**161**	-	1,229
Europe	**298**	**1,381**	267	1,916
	$ 2,475	**$ 1,964**	$ 1,550	$ 3,720

	Contract Services 6 months ended June 30, 2011	**Data Licenses 6 months ended June 30, 2011**	Contract Services 6 months ended June 30, 2010	Data Licenses 6 months ended June 30, 2010
United States of America	**$ 94**	**$ 3,037**	$ 2,026	$ 1,202
Asia/Pacific	**4,819**	**999**	39	1,459
Europe	**507**	**1,811**	695	3,326
	$ 5,420	**$ 5,847**	$ 2,760	$ 5,987

Property and equipment of the Company are located as follows:

	June 30, 2011	December 31, 2010
Canada	**$ 472**	$ 748
United States of America	**5,417**	6,662
Asia/Pacific	**303**	418
Europe	**46**	80
	$ 6,238	$ 7,908

The multi-client data library is located in the United States of America, the intangible assets are located in the Czech Republic and the non-current assets held for sale are also located in the United States of America.

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

	Three months ended June 30, 2011	Three months ended June 30, 2010	**Six months ended June 30, 2011**	Six months ended June 30, 2010
Customer A	**$ 2,123**	$ -	**$ 4,795**	$ -
Customer B	**-**	23	**2,000**	25
Customer C	**829**	-	**829**	-
Customer D	**-**	1,161	**764**	1,161
Customer E	**31**	1,268	**86**	1,268
Customer F	**-**	543	**27**	1,751
Customer G	**-**	928	**-**	928
	$ 2,983	$ 3,923	**$ 8,501**	$ 5,133

14. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity 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, 2010.

Amounts receivable as of June 30, 2011, and December 31, 2010, consist of:

	June 30, 2011	December 31, 2010
Trade amounts receivable	**$ 3,838**	$ 3,991
Employee receivables	**21**	23
Other miscellaneous receivables	**281**	142
	$ 4,140	$ 4,156

Trade amounts receivable by geography consist of:

	June 30, 2011	December 31, 2010
United States of America	**$ 432**	$ 166
Canada	**5**	-
Asia/Pacific	**2,623**	2,284
Europe	**778**	1,541
	$ 3,838	$ 3,991

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

		June 30, 2011		December 31, 2010
Current	$	**765**	$	1,968
31-60 days		**11**		768
61-90 days		**810**		73
Over 91 days		**2,252**		1,182
	$	**3,838**	$	3,991

As of June 30, 2011, $3,062 of trade amounts receivable (year ended December 31, 2010 - $1,255) were past due, of which $291 was deemed uncollectible and was fully reserved. The balance of the past due amounts relate to reoccurring, and historically slow paying, customers and are considered collectible.

15. Capital risk management:

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

The Company includes shareholders' equity and long-term debt in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics, acquire or dispose of assets, or adjust the amount of cash and short-term investment balances held.

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

16. Transition to IFRS:

The Company has adopted IFRS effective January 1, 2011. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the three and six months ending June 30, 2011, as well as for the comparative information for the three and six months ended June 30, 2010, and in preparation of consolidated opening IFRS condensed consolidated balance sheet at January 1, 2011, (the Company's date of transition to IFRS) and condensed consolidated balance sheets at June 30, 2010, and December 31, 2010.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to IFRS has affected the Company's consolidated financial statements is included below and reconciliations are provided in Note 16.

a. Elected exemptions from full retrospective application:

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

i. Business combinations:

The Company has elected to not apply IFRS 3 Business Combinations retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the transition date.

ii. Cumulative translation differences:

The Company has elected to set the cumulative translation account, which was included in accumulated other comprehensive income, to zero at January 1, 2010, and reclassified the cumulative translation balance into deficit. This exemption has been applied to all subsidiaries.

iii. Share-based payment transactions:

The Company has elected to apply IFRS 2 Share-based Payment to equity instruments granted after January 3, 2006, that had not vested by the transition date.

iv. Borrowing costs:

The Company has elected to apply IAS 23 Borrowing costs prospectively as of the date of transition. Accordingly, the Company has not restated borrowing costs that were expensed prior to the transition date.

b. Mandatory exceptions to retrospective application:

i. Estimates:

The estimates previously made by the Company under GAAP are consistent with their application under IFRS.

17. Reconciliations of IFRS transition adjustments:

GAAP to IFRS Consolidated Interim Balance Sheet reconciliation as of June 30, 2010, is as follows:

	Note	GAAP 6/30/2010	Effect of Transition to IFRS	IFRS 6/30/2010
Assets				
Current assets:				
Cash and cash equivalents		$ 3,314	-	$ 3,314
Amounts receivable		4,745	-	4,745
Unbilled revenue		962	-	962
Work in process		1,935	-	1,935
Prepaid expenses		1,219	-	1,219
		12,175	-	12,175
Property and equipment	(a)	11,487	(71)	11,416
Multi-client data library	(b)	81,365	2,680	84,045
Intangible assets	(e)	700	16	716
Deferred tax assets		41	-	41
		$ 105,768	**$ 2,625**	**$ 108,393**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities		$ 6,198	-	$ 6,198
Current portion of provisions	(c)	-	-	-
Current portion of deferred lease inducements		185	-	185
Unearned revenue		434	-	434
Income taxes payable		34	-	34
Current portion of obligations under finance lease		178	-	178
Current portion of long-term debt		1,141	-	1,141
		8,170	-	8,170
Deferred lease inducements		311	-	311
Long-term provisions	(c)	250	-	250
Obligations under finance lease		44	-	44
Long-term debt		865	-	865
Deferred tax liabilities		133	-	133
		9,773	-	9,773
Shareholders' equity:				
Share capital		181,723	-	181,723
Contributed surplus	(d)	7,826	498	8,324
Deficit		(99,748)	8,200	(91,548)
Accumulated other comprehensive income	(e)	6,194	(6,073)	121
		95,995	2,625	98,620
		$ 105,768	**$ 2,625**	**$ 108,393**

GAAP to IFRS Consolidated Interim Statement of Comprehensive Income for the three months ended June 30, 2010, is as follows:

For the Three Months Ended June 30,	Note	GAAP 2010	Effect of Transition To IFRS	IFRS 2010
Revenue:				
Contract services		$ 1,550	$ -	$ 1,550
Multi-client data licenses		3,720	-	3,720
		5,270		5,270
Expenses:				
Operating costs	*(c), (d)*	10,004	(847)	9,157
Depreciation of property and equipment	*(a)*	1,194	(3)	1,191
Amortization of multi-client data library	*(b)*	3,762	(78)	3,684
Amortization of intangible assets		105	21	126
Loss (gain) on disposal of equipment		78	-	78
		15,143	(907)	14,236
Operating loss		(9,873)	907	(8,966)
Financing costs, net		(40)	-	(40)
Loss on foreign currency translation	*(e)*	(121)	(63)	(184)
Loss before income taxes		(10,034)	844	(9,190)
Income tax (expense) recovery:				
Current		6	-	6
Deferred		(52)	-	(52)
		(46)	-	(46)
Net loss for the period		(10,080)	844	(9,236)
Other comprehensive income (loss)				
Foreign currency translation differences	*(e)*	-	(5)	(5)
Total comprehensive loss for the period		(10,080)	839	(9,241)
Deficit, beginning of period		(89,668)	7,356	(82,312)
Deficit, end of period		$ (99,748)	$ 8,200	$ (91,548)
Basic and diluted loss per share		$ (0.19)	$ 0.02	$ (0.18)
Weighted average number of Class A common shares - basic and diluted (Note 10(d))		52,433,166		52,433,166

GAAP to IFRS Consolidated Interim Statement of Comprehensive Income for the six months ended June 30, 2010, is as follows:

For the Six Months Ended June 30,	Note	GAAP 2010	Effect of Transition To IFRS	IFRS 2010
Revenue:				
Contract services		$ 2,760		$ 2,760
Multi-client data licenses		5,987		5,987
		8,747	-	8,747
Expenses:				
Operating costs	*(c), (d)*	19,612	(1,191)	18,421
Depreciation of property and equipment	*(a)*	2,392	(6)	2,386
Amortization of multi-client data library	*(b)*	7,274	(436)	6,838
Amortization of intangible assets		209	21	230
Loss (gain) on disposal of equipment		72	-	72
		29,559	(1,612)	27,947
Operating loss		(20,812)	1,612	(19,200)
Financing costs, net		(84)	-	(84)
Loss on foreign currency translation	*(e)*	(309)	(82)	(391)
Loss before income taxes		(21,205)	1,530	(19,675)
Income tax (expense) recovery:				
Current		(29)	-	(29)
Deferred		(9)	-	(9)
		(38)	-	(38)
Net loss for the period		(21,243)	1,530	(19,713)
Other comprehensive income (loss)				
Foreign currency translation differences	*(e)*	-	(26)	(26)
Total comprehensive loss for the period		(21,243)	1,504	(19,739)
Deficit, beginning of period		(78,505)	6,670	(71,835)
Deficit, end of period		$ (99,748)	$ 8,200	$ (91,548)
Basic and diluted loss per share		$ (0.41)	$ 0.03	$ (0.38)
Weighted average number of Class A common shares - basic and diluted (Note 10(d))		52,432,604		52,432,604

The following notes describe the adjustments required by the transition to IFRS:

a. **Property and equipment:**
Under IFRS, the Company is required to identify the significant components of property and equipment and depreciate these separately over their respective useful lives. Under previous GAAP, the standards were less specific as to the grouping of similar assets. Upon transition to IFRS, management determined that the aircraft and aircraft engines should be separate components and accounted for with differing useful lives. Under previous GAAP, the total value of the aircraft was amortized over 10 years. Upon transition to IFRS, aircraft and engines are required to be amortized separately and are being amortized over a period of 12 years for the aircraft and 7 years for the engines.

b. **Multi-client data library:**
The Company applied a sales forecast method of amortization for the MCDL under previous GAAP. Under IFRS, the Company will amortize this asset on a straight-line basis over its useful life. The net book value of the MCDL asset was increased by $2.2 million as of the transition date to retroactively apply the Company's amortization policy under IFRS.

c. **Restructuring:**
In October of 2009, the Company announced a restructuring plan that included a reduction in workforce and the closure of the Company's Ottawa, Ontario office. Under previous GAAP, a provision related to the expense for employee severance associated with the reduction was recorded. Under previous GAAP, a liability related to the Ottawa office lease was not recognized until the second quarter of 2010, when the Company ceased use of the facility.

   Under IFRS, a provision is recorded for onerous contracts when it is likely that the expected costs of meeting the Company's obligation under the contract exceed the expected economic benefits. As a result, under IFRS, the provision for the excess costs over expected economic benefits associated with the Ottawa lease have been recognized as of January 1, 2010.

d. **Share-based payments:**
The Company awards stock-based compensation to certain employees and non-employees. Under previous GAAP, the Company valued the awards in tranches based upon the awards' grant date. All tranches were valued using the expected life of the award and share-based compensation was recognized straight-line over the vesting period. Under IFRS, the Company must assign a fair value to each tranche of awards based on the expected life and the individual tranche. Share-based compensation is then recognized separately over the vesting period of each tranche.

e. **Cumulative translation differences:**
In accordance with IFRS 1, the Company has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of foreign operations to be zero at the date of transition.

   IFRS does not distinguish between integrated and self-sustaining foreign operations. The current rate method is required to be applied to all entities where the functional currency is different from the presentation currency, resulting in an adjustment on transition to IFRS.

f. **Presentation:**
Certain amounts on the unaudited condensed consolidated interim statement of comprehensive income have been reclassified to conform to the presentation adopted under IFRS. On the unaudited condensed consolidated interim statement of comprehensive income the Company has presented the expenses by nature.

g. **Cash flow impact:**
There were no IFRS transition adjustments that impacted our cash balance in 2010. We have presented financing costs, current income tax expense, interest paid, and income tax paid separately as adjustments for non-cash items. Under previous GAAP, these were included in changes in non-cash operating working capital. This presentation change will have no impact on our cash flows from operating activities.

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Stock Exchange

Intermap stock is listed on the Toronto Stock Exchange under the symbol "IMP."