# INTERMAP TECHNOLOGIES CORPORATION

## ANNUAL INFORMATION FORM

## YEAR ENDED DECEMBER 31, 2006

Corporate Office
8310 South Valley Highway,
Suite #400
Englewood, Colorado 80112
U.S.A.

March 30, 2007

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### FORWARD LOOKING INFORMATION

This Annual Information Form contains forward-looking statements. These statements relate to future events or Intermap's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Intermap believes that the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. Intermap does not intend, and does not assume any obligation, to update these forward looking statements.

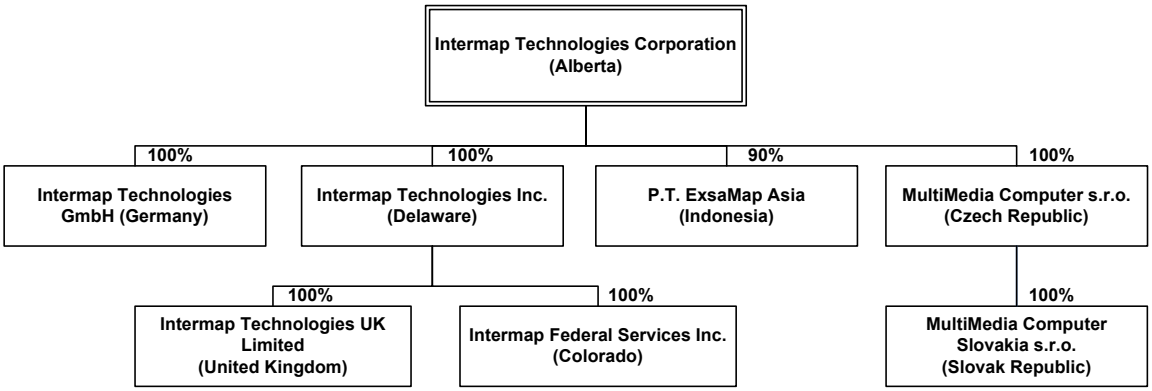
**Unless otherwise noted, all dollar references in this Annual Information Form are expressed in United States dollars.**

## CORPORATE STRUCTURE

Intermap Technologies Corporation was formed through the issuance of a Certificate of Amalgamation under the *Business Corporations Act* (Alberta) on February 25, 1997, as Intermap Technologies Ltd. The Corporation changed its name to Intermap Technologies Corporation and consolidated its Class A Common shares (the "Shares" or "Common Shares") on a 12.5-to-one basis by Articles of Amendment filed on May 25, 1999.

The head office of Intermap is located at 8310 South Valley Highway, Suite 400, Englewood, Colorado, U.S.A. 80112. Its registered office is located at 1250 Standard Life Building, 639 – 5th Avenue S.W., Calgary, Alberta, T2P 0M9.

Intermap has six active, wholly-owned subsidiaries: Intermap Technologies Inc. ("Intermap-U.S.A."), a corporation registered under the laws of Delaware, with its head office located in Englewood, Colorado; Intermap Federal Services Inc., a corporation registered under the laws of Colorado, with its head office located in Englewood, Colorado (a wholly-owned subsidiary of Intermap-U.S.A.); Intermap Technologies UK Limited ("Intermap UK"), a corporation registered under the laws of the United Kingdom (a wholly-owned subsidiary of Intermap U.S.A.); Intermap Technologies GmbH ("Intermap GmbH"), a corporation registered under the laws of Germany with its head office located in Wessling, Germany; MultiMedia Computer s.r.o. ("MMC"), a corporation registered under the laws of the Czech Republic with its head office located in Prague, Czech Republic, MultiMedia Computer Slovakia s.r.o., a corporation registered under the laws of the Slovak Republic and P.T. ExsaMap Asia, a majority-owned entity and a corporation registered under the laws of the Republic of Indonesia. Intermap-U.S.A. satisfies a United States federal government requirement that a United States entity own some of the technology used by Intermap. Intermap GmbH was incorporated to operate some of the assets acquired from Kreissparkasse München Starnberg of Munich, Germany. Intermap UK was incorporated to provide sales support activity within the United Kingdom and Europe. MMC provides software development services for the Corporation. The Corporation actively conducts business through Intermap, Intermap-U.S.A., Intermap Federal Services Inc., Intermap UK, Intermap GmbH, MMC and P.T. ExsaMap Asia. The following chart illustrates the structure of the Corporation's subsidiaries.




## GENERAL DEVELOPMENT OF THE BUSINESS

### General History

Many of the senior members of Intermap's management team were long-term employees of the image mapping services division of IITC Holdings Ltd., formerly Intera Information Technologies Corporation ("IITC"). Mr. Brian L. Bullock, President and Chief Executive Officer of the Corporation, was the President

and Chief Executive Officer of IITC from the founding of that corporation in 1974. The majority of the assets of IITC were sold to Schlumberger Ltd. in 1995. Pursuant to an asset purchase agreement dated November 11, 1996, Intermap Technologies Limited, a private corporation formed on January 31, 1996, acquired from IITC all of the assets that comprised the image mapping services division of IITC. These assets primarily included cash and cash equivalents, as well as employees, contracts, software, equipment and related parts of goodwill. Intermap Technologies Limited began active business operations on September 1, 1996.

On February 25, 1997, Intermap Technologies Limited amalgamated with a junior capital pool corporation listed on the Alberta Stock Exchange and changed its name to Intermap Technologies Corporation. Following the amalgamation, the Corporation continued the business of Intermap Technologies Limited and subsequently acquired the rights to certain digital mapping technology under a Transfer, Assignment and License Agreement (the "ERIM Agreement") dated effective November 11, 1996, among Intermap Technologies Limited, Environmental Research Institute of Michigan ("ERIM") and Intermap Technologies Inc. ERIM had developed the basic technology behind the digital mapping technology known as Interferometric Synthetic Aperture Radar for Elevation ("IFSAR") with funding from the United States of America Defense Advanced Research Projects Authority ("DARPA"). Under the agreement between ERIM and DARPA, the system developed by ERIM could be commercially exploited; however, the system must be owned by a United States company. Under the ERIM Agreement, ERIM assigned its rights to commercially exploit the technology to Intermap-U.S.A. The Corporation operates the technology under the trade name "STAR®" and began a process of continuous improvement with the technology. The result of the continuous improvement process is that after five years, Intermap had replaced all of the software code that controls and operates the STAR system and that processes the data collected by the STAR system. ERIM (now part of General Dynamics) retained the ability to license the original IFSAR technology to other parties; however, ERIM has no rights to any of the software or new hardware designs created by Intermap. To date more than 95% of the original hardware and 100% of the original software have been replaced, increasing the elevation accuracy by more than six times and resolution by a factor of four.

On June 16, 1998, Intermap issued 8.5% convertible debentures for gross proceeds of Cdn$7.76 million. The debentures were issued with a 5 year term and were convertible into common shares at a rate of 3,333 common shares per Cdn$1,000. Substantially all of the debentures were purchased by Intermap on April 16, 2002.

On May 21, 1999, Intermap consolidated its common shares and Class A preferred shares on the basis of 12.5 old shares for one new share.

On April 11, 2002, Intermap issued 2,500,000 special warrants in a brokered private placement for gross proceeds of Cdn$10 million. Intermap filed a prospectus qualifying the issuance of the common shares and warrants upon exercise of the special warrants on July 11, 2002.

On March 11, 2004, Intermap issued 4,444,700 units in a brokered private placement for gross proceeds of Cdn$20 million. The units consisted of common shares and share purchase warrants.

On July 8, 2004 the common shares of Intermap were listed and posted for trading on the Toronto Stock Exchange.

On March 17, 2005, Intermap issued 2,005,655 units in a private placement for gross proceeds of Cdn$9 million. The units consisted of common shares and share purchase warrants.

On November 3, 2005, Intermap completed an underwritten offering of 16,333,000 common shares pursuant to a short form prospectus for gross proceeds of Cdn$80 million.

On June 21, 2006, Intermap obtained a listing on the AIM market of the London Stock Exchange plc.

## Technical Developments

The Corporation produces digital elevation models, orthorectified radar images, and numerous value-added products from its proprietary airborne Interferometric Synthetic Aperture Radar (IFSAR) technology. To meet the needs of its NEXTMap® customers and to reach a larger portion of the conventional mapping market, Intermap completed an upgrade to its IFSAR technology in the fall of 2001. The upgrade increased the maximum vertical accuracy of the IFSAR technology from 1 meter to 50 centimeters and provided a 1.25-meter image pixel improved from a 2.5-meter pixel. The decrease in pixel size has the effect of increasing the resolution of IFSAR-generated products by a factor of 4. The 1.25-meter image pixel enhances the overall market opportunities for the Corporation. The Corporation has also developed technology to create value-added products in the form of topographic line maps (for example, adding roads, hydro lines, waterways, sewers, building structures and vegetation) and has completed several mapping projects to provide these products in South America, South East Asia and the United States.

On April 5, 2002, Intermap acquired certain of the assets formerly operated by AeroSensing Radarsysteme GmbH ("AeroSensing"). These assets include a Gulfstream Aerospace Commander 1000 aircraft, two X-Band radar systems and one P-Band radar system, as well as some computers, workstations and software. The purchase price for the assets was approximately U.S. $2.6 million. The acquisition gave Intermap the means to cost-effectively expand its data acquisition capacity. Intermap operates this technology under the name "TopoSAR."

In early 2003, Intermap began development of the fourth generation of its proprietary IFSAR radar technology (STAR-4) for integration into a King Air 200T aircraft. The upgrade took the best of the Corporation's prior technologies and repackaged them into an easier-to-maintain, line-replaceable system. STAR-4 maintains its predecessor's maximum vertical accuracy of 50 centimeters and 1.25-meter image pixel size; however, bandwidth has been doubled in the upgrade. The bandwidth increase allows for twice the number of looks or images at 62.5 centimeter resolution, which provides an overall enhancement of the resulting image quality. The King Air platform was chosen for its low cost, its versatility with smaller airports and the worldwide availability of parts and maintenance centers. The STAR-4 King Air system went into service during the third quarter of 2004.

In 2005, Intermap's engineering division produced an enhanced Interferometric Processing (IP) system. This system processes the initial signal data from the aircraft into spatially accurate image strips. The hardware and newly developed software systems were installed in Intermap's Munich office during April 2005. At the same time, Intermap updated the processing software for its TopoSAR system and also integrated it into the Munich Processing Center. The Denver Processing Center, home of all the NEXTMap USA IP data processing, also underwent process improvements and software changes during 2005. The result was a 46% increase in data processed without an increase in staff.

Intermap added a new core product to its suite of products during 2005. The product is called the National Color Image Layer (NCIL) and provides clients with an enhanced image product using the Corporations radar images as a base. The radar image is then colorized by using available Landsat 7 satellite imagery in rural areas and aerial photography in the urban areas. This new product was introduced as part of the NEXTMap California dataset.

In January 2006, the Corporation acquired a second Learjet 36A and commenced the building of the latest generation IFSAR radar system for installation in the aircraft. This IFSAR radar system, now named STAR-6, was completed and installed in the Lear 36A in the fourth quarter of 2006. The first flight of STAR-6 occurred on January 12, 2007 and resulted in the successful acquisition of digital elevation data and radar

images. The STAR-6 platform is now undergoing flight test certification. After the completion of the certification, the system will be calibrated and is expected to enter service during the second quarter of 2007.

In July of 2006, Intermap entered into an operating lease for a second King Air 200T. An IFSAR system was successfully installed in this platform and was then tested and calibrated. It entered service in February 2007 and is named STAR-5.

## General Business Developments

In the third quarter of 2004, Intermap established a "cost efficient" production facility in Jakarta, Indonesia named P.T. ExsaMap Asia. The Corporation, through its predecessors, has over 20 years of experience working in Indonesia and in 2003 began a NEXTMap Indonesia program based on previously and newly acquired data in the country. P.T. ExsaMap Asia is a 90%-owned subsidiary of Intermap. During 2006, the staff in this office increased to 108 and is expected to have a staff of 160 when expanded to full capacity in 2007. Training and supervision from the Corporation's North American staff helped to establish a high volume data finishing capability in the Jakarta office, which is now producing high quality results.

### Significant Acquisitions

There were no significant acquisitions made during the most recently completed financial year.

## DESCRIPTION OF THE BUSINESS

### Description of the Business

*General*

Intermap offers precision digital elevation maps and remote sensing-based map products. The Corporation has an extensive portfolio of successfully completed mapping projects around the world. These projects serve to establish Intermap's operational expertise in acquiring and processing three dimensional airborne radar mapping products over large geographic areas. The Corporation is proactively remapping entire countries and building unprecedented national databases, called NEXTMap, consisting of highly accurate digital topographic maps that include elevation data. It is the policy of the Corporation to retain intellectual property rights to its data. The Corporation offers NEXTMap datasets and solutions for resale via its e-commerce data store, direct sales, and through channel partner and distributor arrangements both nationally and internationally.

Demand for NEXTMap data is growing as new commercial applications are emerging, including geographical information systems (GIS), engineering planning, transportation, automotive, navigation, flood analysis, irrigation optimization, environmental management and planning, telecommunications/wireless network planning, aviation, simulation, and 3D visualization. Internet applications include virtual tours, topographic maps and computer games. Datasets are also used to add interactive intelligence to airborne and satellite imagery.

*Summary of Core Products*

Once a map database has been created, users can create measurements, view the data in three dimensions and overlay the maps with specific information such as transportation routes, airport facilities, hydrology, etc. Digital maps are also necessary for location based services placing predefined objects accurately within a digital map. In preparing these maps, Intermap provides full project management, technical consulting, training, and turnkey solutions as required.

The use of digital maps has increased in recent years as various levels of government and commercial customers have recognized the advantage of using digital maps over traditional cartographic mapping technologies, principally due to increased accuracy. Digital maps are maps kept in digital format (on computer), offering better user access and the ability to be updated rapidly, reflecting the latest available information.

*Types of Digital Maps*

Intermap provides customers with four types of digital maps (i) a digital surface model (DSM); (ii) a digital terrain model (DTM); (iii) an orthorectified radar image (ORI); and (iv) an orthorectified color image (OCI). Customers purchase individual products or combinations of all four products based on their specific requirements.

DSM and DTM

Both the DSM and DTM are known as digital elevation models or DEM's. A DEM is a mathematical representation of the Earth's surface which is used to create elevation information in topographic maps, three dimensional simulations, terrain modeling, slope maps or as a backdrop for other mapping related information. When the sensor measures elevations at the tops of objects such as trees or houses, the resulting product is called a "first-reflective-surface" digital surface model DSM. This has been Intermap's traditional product. A "bald-earth" DTM is created by removing, through a processing step, vegetation and cultural features from the DSM. This provides an accurate assessment of the ground surface itself. Intermap has developed and implemented a software editing system called Interactive Editing System (IES) that automatically generates bald-earth DTM's from the Corporation's first reflective surface data for many terrain types.

Different applications require different combinations of first-reflective-surface DSM's and bald-earth DTM's. The Corporation's IFSAR technology DSM's have been shown to be ideal for national mapping, military surveillance and reconnaissance, telecommunications planning, and three- dimensional landscape visualization. Precision image map products and car navigation databases meanwhile, require bald-earth DTM representations.

ORI

The ORI is a picture of the earth's surface that has been processed to eliminate geometric anomalies or distortions, such as those introduced by elevation differences, so the ORI can be used for mapping applications. These anomalies or distortions are caused by limitations in the way the initial image is collected and by distortions introduced by terrain effects. ORI's are more accurate than other forms of maps because they allow the image data to take into account measurements and information from many other sources, such as DEM's. In addition, ORI's are useful for isolating certain relevant features of a landscape as part of a development planning process.

OCI

The fourth product, OCI, is an enhancement to the ORI. The OCI uses the ORI as a base and then combine's available color satellite imagery (at a reduced resolution) or aerial photography to colorize the ORI. The resulting product is a natural color image with the accuracy of the NEXTMap® ORI. In urban areas, color aerial photography is purchased and draped over the DTM to produce a higher resolution product for the OCI. This product targets the conventional mapping industry and the "Bird's Eye View" automobile navigation market.

*Contract Services*

The Corporation's contract services business typically involves a client requesting a digital map for a specific purpose, with Intermap collecting the data on whichever of its five airborne radar technology platforms that best suits the client's objectives. Intermap prepares the necessary digital maps and then licenses the use of the data and the digital maps to its client. These custom projects have traditionally been conducted pursuant to Government contracts with national mapping or defense agencies. Project-specific government mapping generates acceptable margins, but can be an inconsistent source of revenue. See "Risk Factors – Revenue Fluctuations".

*NEXTMap®*

The Corporation has been pursuing its NEXTMap® strategy for the past six years. The strategy has manifested itself into a highly-successful NEXTMap program that is focused on collecting and processing 3D digital elevation datasets for entire countries. The demand from multiple markets for the NEXTMap data has led the Corporation to initially focus on acquiring data in the United States and Europe. These areas have the largest number of potential customers active in the largest markets for geographical information. Hence, the Corporation's primary objective, related to the NEXTMap initiative, is to complete the collection of data for 17 European countries by the end of 2007 and the entire continental United States by the end of 2008.

This strategy represents a substantial break with the mapping industry's traditional business model. One significant difference, when compared to traditional mapping companies, is that many of the Corporation's customers and business partners are now commercial companies, not just government agencies.

Another important departure from traditional remote sensing business models is that Intermap retains ownership of the data acquired in the NEXTMap program and re-licenses it to third parties. Geographic data in the NEXTMap model becomes a commodity, attractively priced so the Corporation can enable a much wider range of GIS / Geospatial solutions and increase demand from industry professionals. The Corporation hopes to expand the market by making digital maps available to customers who would normally not be able to afford custom projects. To facilitate the development of this market, the Corporation created an e-commerce data store and sales channel.

Demand for NEXTMap data has been further enhanced by the immediate availability of data from the Corporation's e-commerce data store or from the e-commerce capabilities of its value added business partners. Rather than waiting several months for data to be acquired and processed, the customer can order digital map data from our e-commerce data store, launched early in the fourth quarter of 2004. Provided the data is in inventory, customers can receive the digital map via the Internet, a CD/DVD, or from other available storage media within two to three days.

The NEXTMap initiative allows Intermap to capitalize on its technical and market lead by creating a data library of maps, which in turn imposes a significant barrier to entry to prospective competitors. Any future competitors hoping to offer digital maps will have to acquire the data on a speculative basis, likely at higher capital costs and at a higher risk. The Corporation believes that its NEXTMap approach is unique in the digital mapping industry.

*NEXTMap® Britain*

On November 12, 2001, the Corporation entered into an agreement with a commercial partner that provided $3.2 million to cover a portion of the costs of its NEXTMap Britain project. The acquisition of the NEXTMap Britain data was completed by January 2003. The data covered all of England, Wales and the

southern portion of Scotland. During late 2003, the remainder of Scotland was acquired to complete the NEXTMap Britain database.

Ownership of the data is retained by Intermap and is being licensed through its e-commerce data store and other authorized distributors in the United Kingdom. Sales of licenses for NEXTMap Britain data have exceeded $12 million to date.

*NEXTMap® USA*

The Corporation has agreements with a number of partners in connection with NEXTMap USA. One of these partners is the National Oceanographic and Atmospheric Agency (NOAA), which has committed to acquire all of the NEXTMap USA coastal regions data. The United States Department of Agriculture (USDA) has also agreed to purchase large areas of the United States in support of its mapping programs. Additionally, the National Geospatial Intelligence Agency (NGA) has made significant purchases of NEXTMap USA data and are expected to make further purchases as the database is completed.

The Corporation commenced data acquisition for the NEXTMap USA project late in 2003 and has now completed the states of California, Florida, Mississippi, Hawaii and parts of several other states. As of December 31, 2006, Intermap has collected over 1.8 million square kilometers of NEXTMap USA data. Data collection for the entire United States is expected to be complete at the end of 2008.

*NEXTMap® Europe*

Pilot areas for the NEXTMap Europe program were completed during 2005 in Stuttgart, Germany and Torino, Italy. Driven by demand within the European automotive, government, and insurance sectors, the Corporation's plans include the mapping of twelve Western European countries in their entirety by the end of 2007. Once completed, these datasets will be the most accurate elevation models of Western Europe in existence. In 2006, the Corporation accelerated its plans and completed the collection of data for the entire country of Germany.

*Related Mapping Services*

In addition to the different types of digital maps it produces, Intermap also provides related mapping services. Intermap's geographic information services allow Intermap to create "overlays" on digital maps for such things as roads, hydro lines, waterways, sewers, building structures, and vegetation. These map layers can be manipulated, enhanced, and analyzed using geographic information system software. This allows customers to analyze a variety of data for use in vehicle routing, utility planning, land-use planning, wetland and vegetation monitoring, land resources inventory, water management, coastal flood zone monitoring, telecommunications network planning, forest cover analysis, forest harvest analysis, soil erosion monitoring and forest depletion, and regeneration planning.

Intermap provides internal training services for its own staff as well as its external customers. External training generates revenue and is used as part of Intermap's marketing program to educate customers, suppliers and partners about Intermap's products and services. New "Web-based" e-learning programs are available on the Corporation's Web site.

All data production is controlled and managed through Intermap's ISO 9001-2001 Quality Management System processes. The majority of production is carried out in-house, although Intermap has identified a list of quality suppliers, both national and international, who can provide additional capacity on an as-required basis.

*Principal Markets*

Government Agencies

Intermap's primary source of revenues has historically come from government contracts with national mapping agencies. Intermap is a leading commercial supplier of DEM's to U.S. federal agencies, including the National Geospatial-Intelligence Agency (NGA, formerly the National Imagery and Mapping Agency or NIMA), the United States Geological Survey (USGS), the National Oceanic and Atmospheric Administration (NOAA) and the United States Department of Agriculture (USDA). As the Corporation collects IFSAR data around the world, increased opportunities exist for selling licensed DEM products to other government agencies, as well.

In addition to supporting traditional topographic contour mapping, DEM's are widely used in other market applications:

**Mapping,** to make existing optical imagery more accurate, particularly in areas of hilly terrain

**Visualization**, to support the digital "draping" of imagery over three dimensional landscapes, enabling users to visualize features that would otherwise be difficult or impossible to see

**Navigation databases**, to enhance existing 2D databases with elevation (z) data and increased positional accuracy

New market opportunities for precision DEM databases are being driven by the proliferation of Global Positioning Systems ("GPS") technology and increased requirements for electronic navigation systems and in the visualization/simulation markets. According to the Industrial Economics and Knowledge Center of the Industrial Technology Research Institute report from March 2005, the global GPS market is expected to grow from $13 billion in 2003 to $22 billion by 2008. Automotive and asset tracking markets currently account for over 50% of the GPS market. Intermap's challenge is to become one of the primary sources of data for use in operational navigation systems that are being developed for expansive release over the next several years.

The Corporation has the capacity to create a precision database with sufficient geographic coverage and accuracy to address industry requirements in air and ground navigation, visualization/simulation and image mapping industries. Specific target markets include:

- **3D Visualization**: "Traditional" 3D visualization applications, involving the draping of thematic or place-specific data over 3D landscapes, are primarily associated with such activities as land-use planning (visual impact of new development), in-office viewing of real estate properties and virtual tourism. Intermap's DTM products provide the base data layer for such applications. Commercial 3D visualization products made available through the Corporation's channel partners include a Great Britain fly through DVD called "Photoscape 3D" and a geospatial analysis tool kit called "Global Mapper".

- **Flood Modeling/Watershed Analysis**: Flood modeling applications have a broad appeal to insurance companies, government agencies, and enterprise companies around the world. As a primary application of Intermap's DTM core product, great care is given to the representation and editing of hydrology and flood defense features. Intermap's core product supports the editing and modeling of individual features to support specific hydrology applications. A flood risk analysis has been produced by a third party engineering firm using the NEXTMap Britain data, specifically for Norwich Union Insurance in the U.K. In early 2007, Intermap teamed with Swiss Re and

MultiMedia Computer s.r.o. to introduce a flood risk product for Germany, other areas in Europe and the U.S.

- **Advanced Driver Assistance Systems (ADAS) / Intelligent Transportation Systems (ITS)**: Numerous programs within the automobile industry require high-resolution 3D-enabled roadway network databases that Intermap's elevation and image products can support. Some examples include turn-by-turn in-car navigation, road departure collision avoidance programs, vision enhancement products, adaptive cruise control and related warning and control systems.

- **Personal Navigation Systems (PND)**: There is a trend toward embedding various handheld and broadband wireless communication devices with a range of 3D rendering and position tracking capabilities. For many applications, a 3D interface coupled with supporting 3D data, will enhance both the understanding and usability of such data. This type of next-generation interface requires 3D terrain at resolutions provided by Intermap's DSM and DTM products. Intermap has a team that is preparing a product that is based on its NEXTMap dataset that will enable the use of PNDs in "off-road" vehicles and other recreational activities. The product is planned for introduction in late 2007.

- **Flight Simulation/In-Cockpit Situational Awareness**: In the aviation industry, examples of several primary applications of Intermap's core products are interactive 3D approach charts and flight planning tools, in-cockpit synthetic vision, situational awareness, Terrain Avoidance Warning Systems (TAWS) and flight simulators. Aircraft will benefit from the use of 3D terrain visualization systems for (i) terrain avoidance to minimize pilot spatial disorientation (ii) in poor visibility flight situations, and (iii) to reduce aircraft spacing requirements. During 2004, Intermap's 3D terrain data of England and Wales was used by a partner, Horizon Simulation Ltd., to create a plug-in for the Microsoft® Flight Simulator consumer product. In the fourth quarter of 2006, Microsoft released the Flight Simulator X product which features a new visualization engine that can now handle the full resolution Intermap's NEXTMap data. Accordingly, Horizon Simulation Ltd. released a new version of the terrain plug in that provides unparalleled clarity, accuracy and detail in the terrain visuals.

*Selling and Distribution Methods*

Data distribution occurs through direct sales, channel partners, value added partners, or through the Corporation's Internet-based store https://istore.intermap.com.

*Direct Sales*

Direct sales are carried out through a commissioned sales team employed by the Corporation. The direct sales team is responsible for the sales of both contract services work and the resale of NEXTMap data.

*Channel Partners*

In order to reach markets not easily accessed by traditional direct selling efforts, the Corporation uses a network of channel partners. These partnerships are established to broaden the Corporation's customer base, penetrate new markets, and establish recurring revenue streams. The channel partners are generally well-positioned in broad and diverse vertical markets that have little or no overlap with traditional markets. The channel partners not only distribute the Corporation's NEXTMap data to their markets, but also create and sell solutions or consumer products that are based on the Corporation's core data. Ultimately, the selection of a channel partner is governed by its ability to promote an integrated solution or product to mass markets, thereby creating an opportunity for recurring revenue to the Corporation.

The Corporation has a well-established network of channel partners in Great Britain who promote the Corporation's NEXTMap Britain products. These channel partners include those who distribute the Corporation's core data, as well as those who integrate this core data into consumer products. The Corporation has taken a strategic approach in securing other partners who have either a national color imagery database or the technology to develop consumer products that contain a three-dimensional visualization component.

In 2006, to coincide with its NEXTMap USA and NEXTMap Europe programs, the Corporation established channel partner networks in the U.S.A. and Germany. This effort is continuing with several partnerships already in place and others in various stages of prequalification. The Corporation is focusing on partnering with companies in the three-dimensional visualization, tourism and emerging Internet mapping markets.

*Revenues by Product Category*

The Corporation recorded revenues for the following categories of products and services during the two most recently completed financial years:

| (in thousands of United States dollars) | 2006 | 2005 |
|---|---|---|
| Contract services | $15,187 | $10,575 |
| Multi-client data library | 6,711 | 4,433 |

## *Production*

The Corporation owns all of the technology required to collect, process, edit and deliver products to its customers. All of the Corporation's production processes, quality assurance, and quality control processes are documented under the Corporation's ISO 9001-2001 Quality Management System.

Areas targeted for collection are first flight-planned by experienced staff. Field crews are then dispatched to install GPS-based ground control points, as required. The aircraft and radar are subsequently flown to collect data over the target locations. The collected raw radar data is sent to the Corporation's interferometric processing ("IP") center in Denver, Colorado. During IP, the raw radar data and GPS information are converted into a fully orthorectified (corrected) image and a digital surface model on a flight line basis. These flight line products are then mosaiced together into map sheets.

Next, the map sheets are sent to the Corporation's Processing Center in either Ottawa or Jakarta where the data undergoes a 3D edit to remove any radar artifacts. At this time, the DTM is produced through proprietary algorithms that select all points that are on the ground, while points that are on the tops of trees or buildings are removed. The final step of adding color to the image is achieved by merging the orthorectified image with available satellite imagery or draping aerial photography on the DTM. Throughout the production process, the data is continually checked through independent verification and validation ("V&V"). This V&V process is separate from quality assurance and control which is undertaken throughout the production process. The four core products - DSM, DTM, ORI, and OCI - are then delivered to the Intermap data store. Should customers have data requirements other than the core product specification, a "value-added" team modifies the core products to meet customer requirements. Within its production processes, the Corporation uses over 45 exclusive and proprietary software programs.

## *Specialized Skills and Knowledge*

The Corporation's requirements for specialized staff are minimal. However, Intermap does have a requirement for engineers with radar-related knowledge. Junior radar engineers are usually recruited from

electrical engineering programs at accredited colleges and universities. Career paths usually lead from radar operator to design engineer. In addition, there is also a requirement for mapping specialists, which usually come from the conventional mapping community or as graduates of Geographic Information Systems programs at both community colleges and universities.

*Competitive Conditions*

Technology

Although Intermap has been providing digital maps to the traditional mapping markets for many years, the key to the Corporation's ability to produce this data in large volume and with a high level of detail and accuracy is its proprietary IFSAR digital mapping technology. This technology remotely and simultaneously collects latitude, longitude and elevation (x, y and z coordinates) with an extremely high level of efficiency relative to other technologies. An added benefit of the IFSAR technology is the ability to collect information in poor visibility conditions (day or night) and to fly at high elevations, which avoids ground level disruptions. The standard IFSAR technology DEM product provides a vertical accuracy of up to 50 cm and the image has a 1.25-meter pixel.

Intermap's IFSAR technology is a leader in the mapping industry. This technology allows the Corporation to accurately and cost-effectively acquire data over large areas. The system consists of two X-band radar antennae mounted in two Learjet 36A aircraft (STAR-3 & STAR-6), an Aero Commander (TopoSAR) and two King Air 200T aircraft (STAR-4 and STAR-5). Data collection from the two antennae in each aircraft occurs simultaneously. A digital correlation process extracts terrain height information that is then used to geometrically correct the radar image. IFSAR technology uses GPS data, together with onboard laser-based inertial measurement data, to attain highly accurate positioning control. The accuracy of the system's positioning information, along with careful baseline calibration, ensures that no additional location measurements are required in subsequent processing steps.

The Corporation enjoys high profit margins on projects undertaken by its IFSAR technology because of its all-weather acquisition capacity (subject to abnormally high winds and turbulence) and its superior speed and efficiency. The fact that processing the data is less labor intensive than aerial photography also provides higher margins.

During the fourth quarter of 2004 and throughout 2005, Intermap developed enhancements to its pre-existing TopoSAR X/P-band radar system. P-band technology operates at a specific radar wavelength that allows it to penetrate tree cover and to reveal underlying targets. Several of Intermap's major customers are requesting X/P-band technology and Intermap has demonstrated its technical capability in this field with the completion of several P-band contracts in Southeast Asian tropical areas during 2005.

Competition

Aerial photography coupled with photogrammetry has been the technology used most often in the past by the mapping industry to create terrain models. It provides relatively detailed images at a high relative cost and is mostly applicable to local area maps (counties and towns). Many of Intermap's competitors use only aerial photographs for map creation, which addresses only the local markets. As a result of low barriers to entry, aerial photography's market segment is typically crowded and offers low margins.

Management has determined that there is a great deal of interest in LIDAR-derived DEMs, particularly in Asia, Europe and North America. However, our research indicates that most LIDAR mapping companies are fee-for-service organizations and many are poorly capitalized. Nonetheless, for specific applications, the technology is both capable and competitive to the Corporation's IFSAR technology. Pricing, while project

specific, typically ranges from about $150 to $250 per square kilometer, which is six to ten times the cost of Intermap's products. As more companies enter this field, it is likely that prices will be driven down. Although LIDAR is capable of higher accuracy than the Corporation's IFSAR technology, the major obstacles to its widespread adoption are its inability to cover large areas efficiently and the much higher cost associated with collecting large areas relative to IFSAR. The NEXTMap strategy focuses on the Corporation's competitive advantage in being able to quickly and affordably produce national datasets over extremely large areas.

Four high-resolution commercial satellite imagery companies have either recently launched, or intend to launch, satellites designed to create digital maps from traditional (albeit highly sophisticated) imagery techniques. Consolidation in the high resolution satellite market occurred during 2005 when Orbimage acquired Space Imaging and formed a new company called GeoEYE. Additionally, Digital Globe recently changed its top management and refocused its marketing efforts to concentrate primarily on military markets.

For technical and economic reasons, it is impractical to use satellite data to generate stereo images which are necessary to create highly accurate final products without distortions. Intermap has previously sold terrain data to two satellite companies in order to provide them with the elevation data they require to rectify their satellite imagery for their customers. The Corporation regards the satellite imagery market as one of the core markets for the licensing of data generated by the NEXTMap program.

The Corporation believes there are three other commercial companies worldwide with active IFSAR imaging programs. Infoterra, a subsidiary of Astrium, has a radar system referred to as DO-SAR. Infoterra appears to have been largely inactive in the IFSAR market internationally from 1997 until 2002, when they appeared as a bidder in an international competition. Since that time, Infoterra has not appeared as a bidder against Intermap on any contracts.

In 2002, a new company called Orbisat undertook the building of an IFSAR system to use on a project in South America. The key technical personnel at Orbisat include a former founder of AeroSensing, so the Corporation expects the design philosophy used in the Orbisat IFSAR system to be similar to the design of the system Intermap acquired from AeroSensing in 2002. Orbisat teamed with Infoterra and successfully captured a mapping project in Venezuela in 2002. Orbisat was largely inactive in the market place until early 2007, when they appeared as a bidder for new business in South East Asia.

The third entry into the IFSAR market is Earthdata Corporation. Earthdata has an IFSAR mounted in a Gulfstream II aircraft called GeoSAR. Intermap worked with Earthdata as a subcontractor during the development phase of the technology. Earthdata has historically concentrated its IFSAR sales efforts on fee-for-service contracts from the U.S. military and their business does not incorporate a licensed data strategy. Earthdata was active in the IFSAR market in 2006 and won a contact in South East Asia by underbidding Intermap. Earthdata is expected to be an active competitor to Intermap in 2007.

A NASA space shuttle mission in February 2000 generated near worldwide digital map coverage of the earth's surface between 60 degrees of latitude, north and south, using IFSAR radar. The data gathered by the shuttle is limited to first-reflective-surface DSM's. Intermap is a member of one of two teams chosen by the National Geospatial-Intelligence Agency of the U.S. military to produce and edit the shuttle mission data. The digital maps generated by the mission appear to have a vertical accuracy of 16 meters with approximately 20-meter resolution on the ground. This data is not sufficiently precise for most commercial applications such as automobile navigation, aviation safety, environmental control, engineering and flood management.

A new radar satellite (TerraSAR X) is scheduled to be launched in early 2007. The initial satellite is a 2 dimensional SAR satellite with 3 meter pixel resolution in strip map mode and 1 meter resolution in spotlight mode. It will not provide elevation data from an IFSAR mode until a second satellite is launched in 2009.

Intermap plans to investigate the level of accuracy of elevation data that can be achieved using radar-grammetry – a technique that Intermap used with previous generation airborne SARs and Radarsat systems.

While the Corporation expects competitors to eventually develop or acquire technology that competes with its IFSAR digital mapping technology, the Corporation believes that it has a lead in accuracy, efficiency, production throughput, and software tools to manage the production process. The Corporation's business initiatives, NEXTMap and its e-commerce data store are intended to capitalize on the market lead Intermap currently enjoys.

*New Products*

The Corporation supports the development of new products that employ any or all of its core products. New products are being released by partner companies that have been created from NEXTMap data. Intermap then receives a royalty on the sales of each of these products. The following products were recently developed by incorporating data from the NEXTMap Britain dataset.

- **Flight Simulator:** Horizon Simulation Ltd. uses photographic imagery and Intermap's data to create 3D plug-ins to Microsoft and X-Plane flight simulators. Additional plug-ins are planned as NEXTMap USA is created.

- **Landscape Visualization:** MultiMedia Computer s.r.o. (MMC) has created a product called "eyeTour", a PC based visualization software program that creates stunning 3D landscapes and ,provides a fully controllable fly-through experience for the user. The product combines color aerial imagery with Intermap's data and MMC's visualization software. The eyeTour product is web enabled and will increasingly be used by Intermap for visualization applications.

- **PND:** Intermap is developing a multi-layer dataset for off-road and recreational applications in personal navigation devices from manufacturers such as Garmin, TomTom, Mio and others. The data from existing suppliers like Navteq and TeleAtlas does not address this need. Intermap is working to ensure that its data will be complimentary to the road data available from both Navteq and TeleAtlas.

- **Flood Risk Assessments:** Norwich Union Insurance ("NUI") has created flood models for the rivers in England, Wales and Scotland. They plan to offer address specific flood risk reports on the Internet for a fee that is yet to be determined. NUI signed an agreement with Intermap during 2005 to pay Intermap a 5% royalty on gross receipts from this new product. Launch of the new product and service is planned during 2006.

- **Internet – Virtual Earth**

The Corporation announced an agreement in February 2007 to provide Microsoft Corp. with NEXTMap Britain digital elevation data for use within Microsoft's Virtual Earth platform. The agreement enables Microsoft to create and deliver an online visualization product powered by the most current and accurate digital terrain model of Great Britain.

Intermap's 3D digital terrain model data will serve as the base layer or foundation for the placement and alignment of aerial photography and other geospatial layers. Images are draped over Intermap's three-dimensional foundation to create a unique and accurate user viewing experience.

Other such arrangements are being pursued by the Corporation moving forward.

*Intangible Properties*

To significantly increase its market share, the Corporation is positioning itself as an industry leader and innovative enabler in GIS/Geospatial and 3D Applications.

**Print & Online Branding**: all advertising and lead-generation campaigns focus on driving corporate and NEXTMap brand recognition by using entire name ("Intermap Technologies") and registration mark with NEXTMap product suite in all online and print copy.

**Terrainscapes™:** trademarking this unique brand name for the Corporation's classroom seminars have increased industry awareness and seminar attendance within the regions they're held.

**Webinars:** these 50-minute topical online events fall under the Terrainscapes™ umbrella and attract higher-level decision makers who are unable to spend a half-day away from the office at a physical seminar event.

**White Papers and Case Studies:** these intellectual properties are showcased on both the Corporation and Partner websites.

**Website:** launched new, more intuitive and user friendly site in February 1007. All customer-facing materials have been revised to mimic the site's look and feel to drive brand recognition and support marketing campaigns directed at promoting thought leadership and industry enablement.

*Business Cycles*

The Corporation's business is dependant on two cycles. The Corporation's contract services business is highly dependant on U.S. federal government budgeting cycles and, to a lesser extent, data re-sales to state and local governments are also subject to government budgeting cycles. In addition to these governmental cycles, the Corporation's data acquisition functions are restricted in the northern U.S. and Canada by weather activity, including snow on the ground and increased wind turbulence associated with winter weather patterns.

*Employees*

As of December 31, 2006, Intermap had 357 employees located as follows: 84 in Ottawa, Ontario; 43 in Calgary, Alberta; 102 in Englewood, Colorado; 19 in Wessling, Germany; 1 in the United Kingdom; and 108 in Jakarta, Indonesia. Intermap has no unionized employees, considers its labor relations with its employees to be good and has yet to experience any labor-related work stoppages.

**RISK FACTORS**

The risks and uncertainties described below are not exhaustive. Additional risks not presently known or currently deemed immaterial may also impair the Corporation's business operation. If any of the events described in the following business risks actually occur, overall business, operating results and the financial condition of the Corporation could be materially adversely affected.

*Revenue Fluctuations*

Intermap's revenue has fluctuated over the years. Terrain mapping projects are scheduled according to client requirements and the timing of regulatory and/or budgetary decisions. The commencement or completion of projects within a particular quarter or year, the timing of regulatory approvals, operating decisions of clients and the fixed-cost nature of Intermap's business, among other factors, may cause the Corporation's results to vary significantly between fiscal years and between quarters in the same fiscal year.

*Dependence on Key Customers*

During the 2004, 2005 and 2006 fiscal years, one customer, the National Geo-Spatial Intelligence Agency (NGA), accounted for approximately 33%, 40% and 41%, respectively, of the Corporation's revenue. To the extent that significant customers cancel or delay orders, Intermap's sales and income could be materially and adversely affected.

*Nature of Government Contracts*

Intermap conducts a significant portion of its business either directly or in cooperation with the U.S. government, other governments and international funding agencies. In many cases, the terms of these contracts provide for their cancellation at the option of the government or agency at any time. In addition, many of Intermap's products and services require government appropriations and regulatory licenses, permits and approvals, the timing and receipt of which are not within Intermap's control and could also affect Intermap's earnings.

*Breakdown of Strategic Alliances*

Intermap has fostered a number of key alliances over the past several years and intends to enter into new alliances in the future. The Corporation believes these new alliances will help to enable access to significant scalable markets that would not otherwise be accessible in a timely manner. The breakdown or termination of some or all of those alliances could have a material impact on the Corporation. At this time, the Corporation is not aware of any material issues in its strategic relationships. Should any one company be unable to continue its alliance with Intermap, or otherwise choose to dissolve the relationship, the Corporation would seek to replace the connection by negotiating with other entities.

*IT Security*

The success of the NEXTMap program has resulted in the NEXTMap database becoming the single most valuable asset in the company. While Intermap has invested in database management, IT security, firewalls and offsite duplicate storage, there is a risk of a loss of data through unauthorized access or a customer violating the terms of the Corporations end user licensing agreements and distributing unauthorized copies of our data. Intermap has, and will continue to invest in both legal resources to strengthen its licensing agreements with its customers and in overall IT protection.

*Loss of Proprietary Information*

Intermap does not hold patents on the technology used in its operations and relies principally on trade secrets, know-how, expertise, experience and marketing ability of its personnel to remain competitive. Although Intermap requires all employees, consultants and third parties to agree to keep its proprietary information confidential, no assurance can be given that the steps taken by Intermap will be effective in deterring misappropriation of its technologies, or that employees or consultants will not challenge the legitimacy or scope of their confidentiality obligations, or that third parties, in time, could not independently develop and deploy equivalent or superior technologies.

*Executive Talent*

Intermap has moved into a high growth phase in its operations and markets. Overall staff growth is expected to increase to over 550 people by the end of 2007. This, growth, coupled with the development of new product lines in insurance, PNDs and Intelligent Transportation Systems, will require new executive talent.

The Corporation is investing in training, leadership development, succession planning and recruitment in response to the rapid growth of the Corporation. Although Intermap has a talented team of experienced executives, it may not be able to further develop executive talent internally or attract enough new executive talent to effectively manage the anticipated growth.

*Capital Expenditures for NEXTMap USA and NEXTMap Europe*

NEXTMap USA and NEXTMap Europe are capital intensive undertakings. The Corporation has existing customers for certain of this data and intends to continue to seek new customers who will partially offset the costs of collecting the data that will make up the NEXTMap projects. While the Corporation believes it has sufficient capital to complete its NEXTMap USA and NEXTMap Europe projects, there are no guarantees that a sufficient number of customers will be found or, if found, will provide sufficient capital to permit the Corporation to complete the acquisition and processing of both of the NEXTMap USA and NEXTMap Europe datasets.

*Extent of Proposed Imaging Geographies*

The new targeted markets proposed for Intermap involve imaging of geographies of significant size. Anticipated improvements in imaging resolution will further compound the amount of required data acquisition and handling. Updating the imagery on a regular basis will prove similarly demanding. Both imaging and processing system throughput will need to be revisited and monitored to ensure the continuing architectural and throughput robustness.

*New Competing Technologies*

It is possible that commercially available satellite images could, in the future, match the image resolution offered by IFSAR technology. However, the Corporation believes that the technology to do three dimensional radar imaging from space at 1-meter resolution with postings every 5 meters is considered to be ten or more years away. In any event, Intermap is aggressively developing improvements in its acquisition capabilities to continuously improve its accuracy and the cost efficiencies of its IFSAR technology.

Although, currently, there are only a few direct Intermap competitors, the industry is characterized by rapid technological progress. Intermap's ability to continue to develop and introduce new products and services, or enhancements to existing products and services, may require significant additional research and development expenditures and investments in equipment. Any required additional financing needed by the Corporation to remain competitive may not be available or, if available, may not be on terms satisfactory to the Corporation.

*Aircraft/Radar Lost or Damaged*

Although the Corporation believes that the probability of one of the Corporation's aircraft or radar sustaining significant damage or being lost in its entirety is extremely low, such damage or loss could occur. In the event that an airborne system is rendered inoperable, contingencies exist to place the necessary equipment on a leased aircraft until a more permanent arrangement is determined. In the event that one of the STAR systems is lost in its entirety through the destruction of the aircraft, it would take the Corporation approximately 6 to 9 months to replace the lost equipment.

*Exporting Products – Political Considerations*

The Intermap radar systems contain technology that is classified as a defense article under the International Traffic and Arms Regulations (ITAR). All imaging efforts undertaken outside the U.S. therefore constitute a temporary export of a defense article, requiring prior written approval by the U.S. Department of State for

each country within which imaging operations are to be performed. The Corporation does not currently anticipate that requirements for export permits will have a material impact on the Corporation's operations, although either government policy or government relations with select foreign countries may change to the point of affecting the Corporation's operational opportunities. The data produced by Intermap's radar falls under Department of Commerce regulations and is virtually unrestricted.

### *Foreign Operations*

A significant portion of Intermap's revenue is expected to come from customers outside of the U.S. and are therefore subject to additional risks, including foreign currency exchange rate fluctuations, agreements that may be difficult to enforce and receivables difficult to collect through a foreign country's legal system, the imposition of foreign-country-imposed withholding taxes or other foreign taxes. Intermap relies on contract prepayments or letters of credit to secure payment from certain of its customers. The Corporation also secures export credit insurance on many of its international receivables, which greatly reduces the commercial and political risks of operating outside of North America.

### *Political Instability*

Intermap understands that not every country enjoys the political stability that is taken for granted in North America. Developments in recent years in the Middle East and Asia illustrate this clearly. Political or significant instability in a region where Intermap is conducting data acquisition activities or where Intermap has clients could adversely impact Intermap's business.

### *GPS Failure*

GPS satellites have been available to the commercial market for many years now. The continued unrestricted access to the signals produced by these GPS satellites is a requirement in the collection of the Corporation's IFSAR data. A loss of GPS would have such a global impact that it is believed that controlling authorities would almost certainly make another system available to GPS receivers in relatively short order.

## DIVIDENDS

The Corporation has not paid any cash dividends on any class of shares during the three most recently completed financial years. Further, the Corporation has not paid any cash dividends since its inception and does not intend to pay any cash dividends in the foreseeable future. The Corporation intends to retain any earnings to finance its operations.

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description of Capital Structure

The Corporation'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 December 31, 2006, 36,995,152 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

Each common share entitles the holder thereof to (i) dividends if, as and when declared by the directors; (ii) one vote at all meetings of holders of common shares; and (iii) participate in any distribution of the Corporation's assets upon liquidation, dissolution or winding up.

Each preferred share entitles the holder thereof to (i) dividends if, as and when declared by the directors; (ii) one vote at all meetings of the shareholders of the Corporation; and (iii) participate (after receiving in priority to the holders of Class A common shares, a sum equal to its purchase price) in any distribution of the Corporation's assets upon liquidation, dissolution or winding up.

## MARKET FOR SECURITIES

The outstanding common shares of the Corporation are listed and posted for trading on the Toronto Stock Exchange under the symbol "IMP" and the AIM market of the London Stock Exchange plc under the symbol IMAP.

### Trading Price and Volume (in Canadian dollars)

**Intermap Technologies Corp.**
**TSE Share Price Information**
**FY 2006**

| Month | Max | Min | Total Volume |
|---|---|---|---|
| January 2006 | $6.25 | $5.00 | 1,846,001 |
| February 2006 | 6.20 | 5.50 | 1,360,740 |
| March 2006 | 6.30 | 5.25 | 1,329,333 |
| April 2006 | 6.50 | 5.42 | 732,258 |
| May 2006 | 6.31 | 5.90 | 3,183,961 |
| June 2006 | 6.03 | 5.00 | 1,009,172 |
| July 2006 | 5.50 | 4.35 | 238,502 |
| August 2006 | 5.20 | 4.20 | 319,077 |
| September 2006 | 5.55 | 4.25 | 1,002,986 |
| October 2006 | 5.03 | 4.60 | 920,199 |
| November 2006 | 6.14 | 4.71 | 1,332,754 |
| December 2006 | 6.00 | 5.12 | 642,671 |

## ESCROWED SECURITIES

| **Escrowed Securities** | | |
|---|---|---|
| **Designation of Class** | **Number of Securities Held in Escrow** | **Percentage of Class** |
| Class A Common Stock | 75,000 | .203% |

In May 2003, a compensation arrangement for Mr. Brian L. Bullock, Chief Executive Officer was approved by shareholders providing the release of 250,000 Class A common shares to Mr. Bullock on August 31, 2007, subject to fulfillment of certain conditions contained in an escrow agreement. Unless the Board of Directors of the Corporation and Mr. Bullock otherwise agree, the escrowed shares were to be released from escrow upon the occurrence of any of the following events:

1. If Mr. Bullock is employed by the Corporation on August 31, 2007 and the weighted average trading price of the Corporation's Class A Shares during the 10 trading days immediately prior to August 31, 2007 exceeds $5.00 per share (adjusted for any consolidation or stock splits);

2. If Mr. Bullock dies at a time when he is employed by the Corporation;

3. If Mr. Bullock is terminated by the Corporation without cause; or

4. If Mr. Bullock terminates his employment with the Corporation following the occurrence of any of the following events:

   (a) The Corporation becomes insolvent or is adjudicated bankrupt or takes any steps to compromise its debts generally;

   (b) Proceedings are commenced for the winding up or dissolution of the Corporation;

   (c) There is a material breach or non-observance of the conditions of Mr. Bullock's employment agreement by the Corporation; or

   (d) A change of control has occurred less than one year prior to termination of Mr. Bullock's employment with the Corporation.

On June 30, 2006, in consideration for Mr. Bullock signing a five year employment contract extension, the Corporation released 175,000 shares from escrow with 75,000 shares remaining in escrow pursuant to the original terms of release. The Corporation redeemed 55,000 of the Class A common shares release to Mr. Bullock to cover his personal tax obligations associated with the transaction.

TingleMerrett LLP serves as the Escrow Agent for the above-listed shares.

## DIRECTORS AND OFFICERS

Set out below are the names of the directors and officers of the Corporation, their municipalities of residence, their positions held within the Corporation, their principal occupations and their ownership.

| Name and Present Office Held | Director Since | Principal Occupation |
|---|---|---|
| **Brian L. Bullock**<br>President, Chairman of the Board, Director<br>Colorado, U.S.A. | February 25, 1997 | Chief Executive Officer and President of the Corporation |
| **Richard D. Tingle**[2]<br>Director<br>Alberta, Canada | February 25, 1997 | Partner, TingleMerrett LLP |
| **Edward S. Evans, III**[1][3]<br>Director<br>Michigan, U.S.A. | February 25, 1997 | Retired, General Dynamics Advanced Information Systems |
| **Dr. Craig Marks**[2]<br>Director<br>Michigan, U.S.A. | January 1, 1998 | Director and former Chairman of Altarum |
| **Donald R. Gardner**[1][2]<br>Director<br>Alberta, Canada | November 26, 1998 | Chief Financial Officer and Secretary of Canadian Spirit Resources Inc. |

| Name and Present Office Held | Director Since | Principal Occupation |
|---|---|---|
| **Larry G. Garberding**[1][3]<br>Director<br>Michigan, U.S.A. | August 15, 2001 | Member of the Board of Directors of several Corporations |
| **Jerald S. Howe, Jr.** [2] [3]<br>Director<br>Maryland, U.S.A. | January 13, 2005 | Principal of Argotyche, Inc. |
| **Eric DesRoche**<br>Senior Vice President of Automotive and Consumer Electronics<br>Denver, Colorado, U.S.A. | N/A | Since January 2003, Senior Vice President of Automotive and Consumer Electronics of the Corporation. Prior thereto Senior Vice President of Analytical Surveys, Inc. |
| **Garth Lawrence**<br>Senior Vice President of Business Operations<br>Parker, Colorado, U.S.A. | N/A | Senior Vice President of Business Operations of the Corporation. |
| **Richard Mohr**<br>Senior Vice President and Chief Financial Officer<br>Monument, Colorado, U.S.A. | N/A | Since June 2003, Senior Vice President and Chief Financial Officer. Prior thereto, Chief Financial Officer of DataPlay, Inc. |
| **Walter (Wally) Sedlacek**<br>Chief Technical Officer<br>Castle Rock, Colorado, U.S.A. | N/A | Chief Technical Officer of the Corporation |
| **Tony Brown**<br>Vice President Operations<br>Ottawa, Ontario, Canada | N/A | Vice President Operations of the Corporation |
| **Michael Bullock**<br>Vice President of Engineering<br>Colorado Springs, Colorado, U.S.A. | N/A | Vice President of Engineering of the Corporation and President of Intermap Federal Services Inc. |
| **Mark Frank**<br>Vice President of Acquisition and Operations Engineering<br>Denver, Colorado, U.S.A. | N/A | Since February 2002, Vice President of Acquisition and Operations Engineering of the Corporation. Prior thereto Program Manager and Software/Hardware Development Manager for Boeing Company. |
| **Nigel Jackson**<br>Vice President<br>Ottawa, Ontario, Canada | N/A | Vice President of the Corporation. Also President Director of PT ExsaMap Asia. |
| **Dr. Manfred Krischke**<br>Vice President Europe<br>Munich, Germany | N/A | Since October 2004, Vice President Europe of the Corporation. Also Managing Director of Intermap Technologies GmbH. |
| **Richard Smolenski**<br>Vice President of Sales<br>Castle Rock, Colorado, U.S.A. | N/A | Since June 2006, Vice President of Sales of the Corporation. Prior thereto, Vice President of Sales for ActivEye Inc. from March 2004 to June 2006, prior thereto Chief Operating Officer for Evicam Inc. from September 2001 to February 2004. |

| Name and Present Office Held | Director Since | Principal Occupation |
|---|---|---|
| **Kevin Thomas**<br>Vice President of Marketing<br>Arvada, Colorado, U.S.A. | N/A | Since 2006, Vice President of Marketing of the Corporation. Prior thereto, Marketing Consultant/Contractor from 2004. Prior thereto, Director of Marketing for ManagedStorage International. |

**Notes:**
1. Member of Audit Committee
2. Member of Compensation Committee
3. Member of Corporate Governance Committee

The directors will hold office until the next annual general meeting of the shareholders. The directors and executive officers in aggregate own or control 3.4% of the issued and outstanding shares of the Corporation.

During the past five years, each director's principal occupation has been as indicated above except as described in the following brief biographical notes.

***Brian L. Bullock*** has been President, Chief Executive Officer and a Director of Intermap since its incorporation. Since 1974, Mr. Bullock has served as President, Chief Executive Officer and a Director of IITC Holdings Ltd. and its predecessor companies. Mr. Bullock holds Bachelor of Engineering and Master of Engineering degrees from Brigham Young University.

***Richard D. Tingle, Q.C.*** has practiced law in Calgary, Alberta, Canada, since 1964 and was a partner of a medium-sized Calgary law firm until 1993 when he left to begin TingleMerrett LLP. He received his Queen's Counsel designation in 1981. He serves as a director of several public companies. Mr. Tingle received his Bachelor of Arts degree in 1962 and Bachelor of Laws degree in 1963 from the University of Alberta and did post-graduate work at the London School of Economics in 1964.

***Edward S. Evans, III,*** prior to his retirement, was an executive with General Dynamics Advanced Information Systems of Ann Arbor, Michigan. Mr. Evans served as Vice President of Corporate Development at Veridian-ERIM International from 1996 to 2000. From 1993 to 1995 he served as Vice President of Corporate Finance at First Michigan Corporation. From 1990 to 1993 he served as President and CEO of Great Lakes Environmental Services, Inc. For eleven years prior to 1990 he was Executive Vice President of Ralph C. Wilson Industries. Mr. Evans holds a Bachelor of Science degree (industrial engineering) from the University of Michigan and has completed the Executive Program in Business Strategy from Columbia University.

***Dr. Craig Marks*** is currently a director (formerly the Chairman of the Board of Trustees) of Altarum. From May 1997 to October 1999, Dr. Marks was the President of ERIM, the predecessor of Altarum. He received a Ph.D. in Mechanical Engineering from the California Institute of Technology and worked for 37 years in engineering and technology development in the automotive industry. He spent 27 years in engineering at General Motors and then went on to Vice President positions with TRW and Allied Signal. After leaving Allied Signal, Dr. Marks was engaged as an Adjunct Professor at the University of Michigan.

***Donald R. Gardner*** is Chief Financial Officer and Secretary of Canadian Spirit Resources Inc. of Calgary, Alberta. Mr. Gardner has over 20 years experience in the oil and gas industry and has held CFO positions with Rigel Energy Corporation and Esprit Exploration Ltd. (formerly Canadian 88 Energy Corp.) and other financial positions with Dome Petroleum Limited, ENCOR Energy Corporation Inc., Pemberton Securities Inc. and Alberta Energy Company Ltd. He obtained a Bachelor of Commerce degree from the University of

Alberta in 1964 and a Master of Science degree in Business Administration from the University of British Columbia in 1973. Mr. Gardner is also a member of the Financial Executives International.

***Larry G. Garberding*** serves as a member of the boards of director of several corporations involved primarily in energy technology. Until his retirement on December 31, 2001, he was a Director, Executive Vice President and Chief Financial Officer of DTE Energy Company, a leading energy provider in the Great Lakes region. He held financial and operating positions with energy companies prior to joining DTE Energy in 1990. Mr. Garberding holds a Bachelor of Science degree from Iowa State University and is a Certified Public Accountant.

***Jerald S. Howe, Jr.*** is currently a principal with Argotyche, Inc., a Washington, D.C. firm dedicated to creating a premier global security company. From February 2000 through October 2003 he was Senior Vice President and General Counsel for publicly traded Veridian Corporation of Arlington, Virginia (NYSE: VNX). Before that he was a Partner with the law firm Steptoe & Johnson LLP, Washington, D.C., concentrating on aerospace law and transactions, federal contracts and litigation in high technology procurement. He holds Honors degrees from Princeton University, Oxford University and Harvard Law School where he was Editor of the Harvard Law Review.

**Officers Who Are Not Directors**

Members of the Intermap management team are:

***Eric DesRoche, Senior Vice President of Automotive and Consumer Electronics (Denver, Colorado, U.S.A.)***, has been with Intermap since January 2003. Prior to joining Intermap, Mr. DesRoche held the positions of Vice President and Senior Vice President of the Colorado Springs based mapping company Analytical Surveys, Inc. (ASI) and ASI/Sanborn Colorado, LLC. Mr. DesRoche has over 19 years of technical and management experience, including starting his own geodetic surveying company and managing a large mapping firm. He has experience with GPS, precision positioning, cartographic mapping and lidar. Before his current position, he was Senior Vice President of Strategic Business Development. He received a Bachelor of Science degree in Geomatics Engineering from the University of Calgary.

***Garth Lawrence, Senior Vice President of Business Operations (Parker, Colorado, U.S.A.),*** has 34 years of experience in remote sensing and geomatics, 26 of which were with Intermap and its predecessor companies. In his current role, Mr. Lawrence manages the Operations, Engineering, Sales, Marketing and Customer Care divisions of the Corporation. Before this present position, he was Vice President of Customer Care. Mr. Lawrence has a Bachelor of Science (Earth Sciences) degree from the University of Waterloo.

***Richard Mohr, Senior Vice President and Chief Financial Officer (Monument, Colorado, U.S.A.),*** joined Intermap in June 2003. Mr. Mohr has over 24 years of financial management experience focusing primarily in the technology industry in both public and private companies. Prior to joining Intermap, Mr. Mohr was the Chief Financial Officer of DataPlay, Inc., a digital media storage company. Mr. Mohr's experience includes over thirteen years in the semiconductor and data storage industries holding positions of Chief Financial Officer, Executive Vice President and Vice President of Finance. Mr. Mohr is a CPA and holds a Master of Business Administration in Finance and Accounting and a Bachelor's degree in accounting from Colorado State University.

***Walter (Wally) Sedlacek, Chief Technical Officer (Castle Rock, Colorado, U.S.A.),*** had a distinguished 28-year career with the U.S. Navy where he developed his project management skills and gained significant experience in Quality Management and Process Engineering. Mr. Sedlacek has been with Intermap since November 2000. In his current role, Mr. Sedlacek is tasked with the development of applications and delivery of capabilities to internal and external Intermap customers. Before his present position, Mr. Sedlacek served

as Vice President of information management and technology; Director of Customer Care; and as Managing Director of Intermap Technologies GmbH. Mr. Sedlacek has a Bachelor of Science (Engineering) degree from Purdue University and an MBA from the University of Phoenix.

***Tony Brown, Vice President Operations (Ottawa, Ontario, Canada),*** is responsible for the mapping operations of the Corporation. Mr. Brown has been with Intermap and its predecessor company since 1990. He was the original developer of the Corporation's quality management program, which led to ISO certification. He also has five years of service as the Manager of Airborne Operations, with responsibility for the operation of STAR-1 and STAR-2. His experience covers both aircraft operations and data production and also includes extensive international experience in airborne operations.

***Michael Bullock, Vice President of Engineering (Colorado Springs, Colorado, U.S.A.)***, joined Intermap in 1996 and is President of Intermap Federal Services Inc., a wholly-owned U.S. subsidiary of Intermap Technologies Inc. Prior to joining Intermap, Mr. Bullock was a Senior Associate with Booz-Allen & Hamilton Inc., a management and technology-consulting firm. Mr. Bullock's educational background is in electrical engineering (Master of Science from BYU and Bachelor of Science, honors, from the University of Utah), and he has authored several technical publications.

***Mark Frank, Vice President of Acquisition and Operations Engineering (Denver, Colorado, U.S.A.)***, joined Intermap in February of 2002. Mr. Frank has nearly 20 years of experience in the aerospace industry, including managing various engineering, development and project teams. Prior to joining Intermap, Mr. Frank held positions of Program Manager, Software/Hardware Development Manager and other technical and managerial positions in the Boeing Company. He has a Bachelor's degree in Electrical Engineering and a Master of Business Administration from Seattle University. Currently, Mr. Frank is pursing his Masters in Computer Information Systems at the University of Denver.

***Nigel Jackson, Vice President (President Director of PT ExsaMap Asia) (Ottawa, Canada),*** has been with Intermap since its inception in 1996 and prior to that was with IITC and it's predecessors since 1981. Mr. Jackson has 26 years of varied management experience, including responsibility for coordination of financial, accounting and tax matters. Mr. Jackson obtained his C.M.A. from the Society of Management Accountants in Ontario, Canada, in 1984 and his A.C.M.A. from the Chartered Institute of Management Accountants (United Kingdom) in 1976.

***Dr. Manfred Krischke, Vice President Europe ( Managing Director GmbH) (Munich, Germany)***. Dr. Krischke has been with Intermap since October 2004. In addition to his responsibilities as managing director, Dr. Krischke oversees the Corporations insurance product development activities in Europe. Prior to joining Intermap, Dr. Krischke was founder of RapidEye AG and a crucial team member at Surrey Satellite Technology and Kayser-Threde GmbH. Dr. Krischke received a doctoral degree (PhD) in Aerospace Engineering from the Technical University of Munich.

***Richard Smolenski, Vice President of Sales (Castle Rock, Colorado, U.S.A.),*** joined Intermap in June 2006. Mr. Smolenski has over 25 years of international business development, sales and marketing experience and has held positions of Vice President of Global Business Development, Vice President of Sales, and Chief Operating Officer for firms ranging from startup to Fortune 300. Mr. Smolenski has a BSEE from the University of Michigan in Electrical Engineering.

***Kevin Thomas, Vice President of Marketing (Arvada, Colorado, U.S.A.),)*** brings over 21 years of marketing and sales operations experience from high-growth companies in the telecommunications and information technology services industry. Starting with Intermap in 2006 as the Vice President of Marketing, Mr. Thomas is responsible for developing and managing the Corporation's market research, marketing communications, product management, business partner channels and communications strategies. He also provides the market

plan and support for the Corporations worldwide sales organization. Mr. Thomas holds a bachelor's degree in business administration with an emphasis on marketing from the University of Nevada, Reno.

**Corporate Cease Trade Orders or Bankruptcies**

None of the Corporation's directors or executive officers has, within the last 10 years, been a director or executive officer of any company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days, or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that company.

**Penalties or Sanctions**

None of the Corporation's directors or executive officers, within the last 10 years, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

**Personal Bankruptcies**

None of the Corporation's directors or executive officers, or a shareholder holding a sufficient number of securities to affect materially the control of the Corporation, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or being subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

**Conflicts of Interest**

Circumstances may arise where members of our board of directors or officers are directors or officers of corporations which are in competition to our interests. No assurances can be given that opportunities identified by such board members or officers will be provided to us. Pursuant to the ABCA, directors who have a material interest in a proposed material transaction upon which our board of directors is voting are required to disclose their interests and refrain from voting on the transaction.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions underway that involve Intermap, and it is not aware of any legal proceedings or regulatory actions that are contemplated involving Intermap.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of the Corporation, or of any of the shareholders of the Corporation who beneficially own, directly or indirectly, or exercises control or direction over more than 10 percent of the Corporation's outstanding common shares, or any known associate or affiliate of such persons in any transactions within the three most recently completed financial years of the Corporation or during the current financial year which has materially affected, or would materially affect the Corporation or a subsidiary.

## TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar is Computershare Trust Company of Canada, located at 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1.

## MATERIAL CONTRACTS

The Corporation has not entered into any material contract within the most recently completed financial year, or before the most recently completed financial year but is still in effect, that was not in the ordinary course of business.

## INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Corporation under National Instrument 51-102 during, or related to, the Corporation's most recently completed financial year other than KPMG LLP, the Corporation's auditors. KPMG is independent in accordance with the auditors' rules of professional conduct in Canada.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any of the Corporation's affiliates, except for Richard Tingle, Q.C. the Corporate Secretary and a Director of the Corporation, is a retiring partner at TingleMerrett LLP, which law firm renders legal services to the Corporation. The law firm's fees with respect to the Corporation are non-material to both parties.

## AUDIT COMMITTEE INFORMATION

The text of Intermap Technologies Corporation's Audit Committee Charter is attached as **Schedule A**:

### Composition of the Audit Committee

The members of our Audit Committee are Mr. Donald R. Gardner (Chair), Mr. Edward S. Evans, III and Mr. Larry G. Garberding, each of who is independent and financially literate. We have adopted the definition of "independence" as set out in Sections 1.4 and 1.5 of Multilateral Instrument 52-110 Audit Committees ("**MI 52-110**"). The relevant education and experience of each Audit Committee member is outlined below.

### Relevant Education and Experience

All members of the Audit Committee are financially literate and all members of the committee have accounting or related financial experience.

Mr. Gardner is currently the Chief Financial Officer of an energy related company in Calgary, Alberta, Canada. He has held CFO and other financial management positions with several companies throughout his career.

Mr. Garberding, prior to his retirement, was the Executive Vice President and Chief Financial Officer of an energy related company in the Great Lakes region of the United States. He also held financial related positions with other companies prior to his employment with this company.

Mr. Evans, prior to his retirement, was a successful business man with several companies and held the titles of Vice President of Corporate Development, Vice President of Corporate Finance and President and CEO. As part of his role in each of these positions, he was required to have extensive knowledge of the financial operations of the companies he worked for including the understanding of balance sheets, income statements and cash flow statements.

**Audit Committee Oversight**

No recommendation of the Audit Committee to nominate or compensate an external auditor was adopted by the Board of Directors at any time since the commencement of its most recently completed financial year.

**Pre-approval Policies and Procedures**

Any engagement of non-audit services by the Corporation's external auditors/accountants must be approved by the Audit Committee and the Audit Committee must obtain an annual statement from the auditors regarding non-audit services.

**External Auditor Service Fees**

*Audit Fees*

The aggregate fees billed by the Corporation's external auditor during 2005 and 2006 were C$220,800 and C$230,026, respectively.

*Audit Related Fees*

The aggregate fees billed by the Corporation's external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under the "Audit Fees" caption above during 2005 and 2006 were minimal.

*Tax Fees*

The aggregate fees billed by the Corporation's external auditor for professional services tax compliance, tax advice and tax planning during 2005 and 2006 were C$146,951 and C$125,633, respectively. The services provided were generally related to (i) the review of tax provisions (ii) tax return preparation (iii) personal tax returns for expatriate employees (iv) transfer pricing studies, and (v) tax related due diligence on a foreign company acquisition.

*All Other Fees*

There were no other fees billed to the Corporation during the last two fiscal years for products and services provided by the Corporation's external auditors other than the services reported above in the prior three captions.

**ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under the Corporation's equity compensation plans is contained in the Corporation's information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information about the Corporation

is provided in the financial statements and management's discussion and analysis for the Corporation's year ended December 31, 2006 and may be found on SEDAR at www.sedar.com.

## SCHEDULE A
## AUDIT COMMITTEE'S CHARTER

The following is the text of Intermap Technologies Corporation's Audit Committee Charter:

*Adoption*

This charter (the "**Charter**") was approved by the Board of Directors (the "**Board**") of Intermap Technologies Corporation (the "**Corporation**") on the date noted at the conclusion hereof.

*Purpose*

It is the policy of the Corporation to establish and maintain an Audit Committee (the "**Committee**"), composed of independent directors, to assist the Board in carrying out their oversight responsibility for the Corporation's external audit, internal controls, disclosure, financial reporting and risk management.

The Committee's function is one of oversight only and shall not relieve management of its responsibilities.

The Corporation's external auditor shall report directly to the Audit Committee.

*Organization*

1. The Committee shall consist of three (3) directors.

2. Each director appointed to the Committee by the Board shall be independent as such term is defined in Section 1.4 of Multilateral Instrument 52-110.

3. Each member of the Committee shall be financially literate as such term is defined in Section 1.6 of Multilateral Instrument 52-110 and at least one (1) member shall have accounting or related financial management expertise.

4. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Nominating and Corporate Governance Committee in identifying qualified candidates. The Board shall appoint one (1) member of the Committee to be the Chair of the Committee.

5. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.

6. The Secretary of the Corporation shall be the Secretary of the Committee.

*Responsibilities*

1. The Committee's primary duties and responsibilities are to:

    (a) Select and recommend the nomination and compensation of the external auditors.

    (b) Oversee the independence, work and performance of the Corporation's external auditors.

(c) Review the principal risks that could impact the financial reporting of the Corporation and monitor how management is dealing with such risks.

(d) Monitor the integrity of the Corporation's disclosure and financial reporting process and its system of internal controls regarding financial reporting and accounting compliance.

(e) Oversee the resolution of any disagreements among external auditors, management and the internal auditing department, if any.

2. The Committee shall annually select and recommend to the Board the nomination of an external auditor, recommend the replacement of the current external auditor when circumstances warrant it and monitor the independence, work and performance of the external auditors. This shall include:

(a) Considering the views of management in respect of the nomination of the external auditors.

(b) Reviewing and recommending for approval by the Board, the terms of the external auditors' engagement, including the reasonableness of the proposed audit fees.

(c) Pre-approving any engagement for non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees. This shall involve considering the potential impact of such services on the independence of the external auditors.

(d) When there is to be a change of external auditors, reviewing all issues and documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation called for under National Instrument 51-102 as defined in Section 4.11 and the planned steps for an orderly transition.

(e) Reviewing all reportable events, including disagreements, unresolved issues and consultations with external auditors, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

3. In carrying out its primary duties and responsibilities, the Committee shall:

(a) Review the annual audit plan with the external auditors and with management.

(b) Discuss with management and the external auditors any proposed changes in major accounting policies or principles, the potential impact of significant risks and uncertainties on future operations, and key estimates and judgments of management that may be material to financial reporting.

(c) Review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.

(d) Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.

(e) Review periodically with management the Corporation's disclosure controls and procedures as such term is defined in Multilateral Instrument 52-109 and monitor the certification process set out therein.

(f) Review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods.

(g) Consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses.

(h) Review with management and the external auditors the quarterly unaudited financial statements before release to the public.

(i) Before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information including any press release, annual report, annual information form, management discussion and analysis of operations, prospectus (and all documents which may be incorporated by reference into such prospectus) and all other securities offering documents of the Corporation.

(j) Review periodically with management the internal procedures implemented to review any other public disclosure of financial information extracted or derived from the Corporation's financial statements.

(k) Approve the hiring of any partners, employees or former partners and employees of the Corporation's present and former external auditor.

4. In addition, the Committee shall:

(a) Oversee the receipt, review and follow-up of questions, concerns or complaints pursuant to the Corporation's Code of Business Conduct and Ethics and the procedures set out in Appendix "A" thereto.

(b) Review with management at least annually, the financing strategy and funding plans of the Corporation.

(c) Review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

(d) In conjunction with the Nominating and Corporate Governance Committee, monitor financial and accounting personnel succession planning within the Corporation and review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.

(e) Inquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters.

(f) Periodically review with management the need for an internal audit function.

(g) Quarterly, review any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.

(h) Report to the Board at the earliest opportunity after each meeting, the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

(i) Bi-annually assess the performance of the Committee.

*Meetings*

5. The Committee shall convene a minimum of four (4) times each year at such time and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, or a senior officer of the Corporation.

6. Notice of each meeting of the Committee shall be given to each member and to the external auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee or the Secretary of the Committee.

7. Notice of a meeting of the Committee shall:

(a) Be in writing.

(b) State the nature of the business to be transacted at the meeting in reasonable detail.

(c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.

(d) Be given at least forty-eight (48) hours notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.

8. A quorum for the transaction of business at a meeting of the Committee shall consist of two (2) members of the Committee.

9. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, provided it permits all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at the meeting.

10. The Chair of the Committee (the "**Chair**") shall be appointed by the Board. The Chair shall have only those responsibilities and powers delegated to it herein and shall not have a second or casting vote. The Chair shall have the responsibility of reporting annually to the Board on the Committee's compliance with this Charter.

11. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Committee, the members shall choose one of the persons present to be the Secretary of the meeting.

12. By invitation, the CEO and other parties may attend meetings of the Committee; however, the Committee may meet separately at any time with the external auditors, invited management or any other third parties as determined by the Committee.

13. At each regular meeting of the Committee, the agenda shall include an opportunity for the members of the Committee to meet in-camera.

14. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.

15. Minutes of the meetings of the Committee shall be retained by the Secretary of the Corporation and shall be available on request to any member of the Board.

*Resources and Authority*

16. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If deemed necessary by the Committee, it will have the discretion to institute investigations of improprieties or suspected improprieties, including the standing authority to retain independent counsel or advisors and to set their compensation.

17. The Committee shall have the authority to:

    (a) Inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates.

    (b) Discuss with any officer of the Corporation, its subsidiaries and affiliates, the Chief Financial Officer and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.

    (c) Communicate directly with the internal and external auditors.