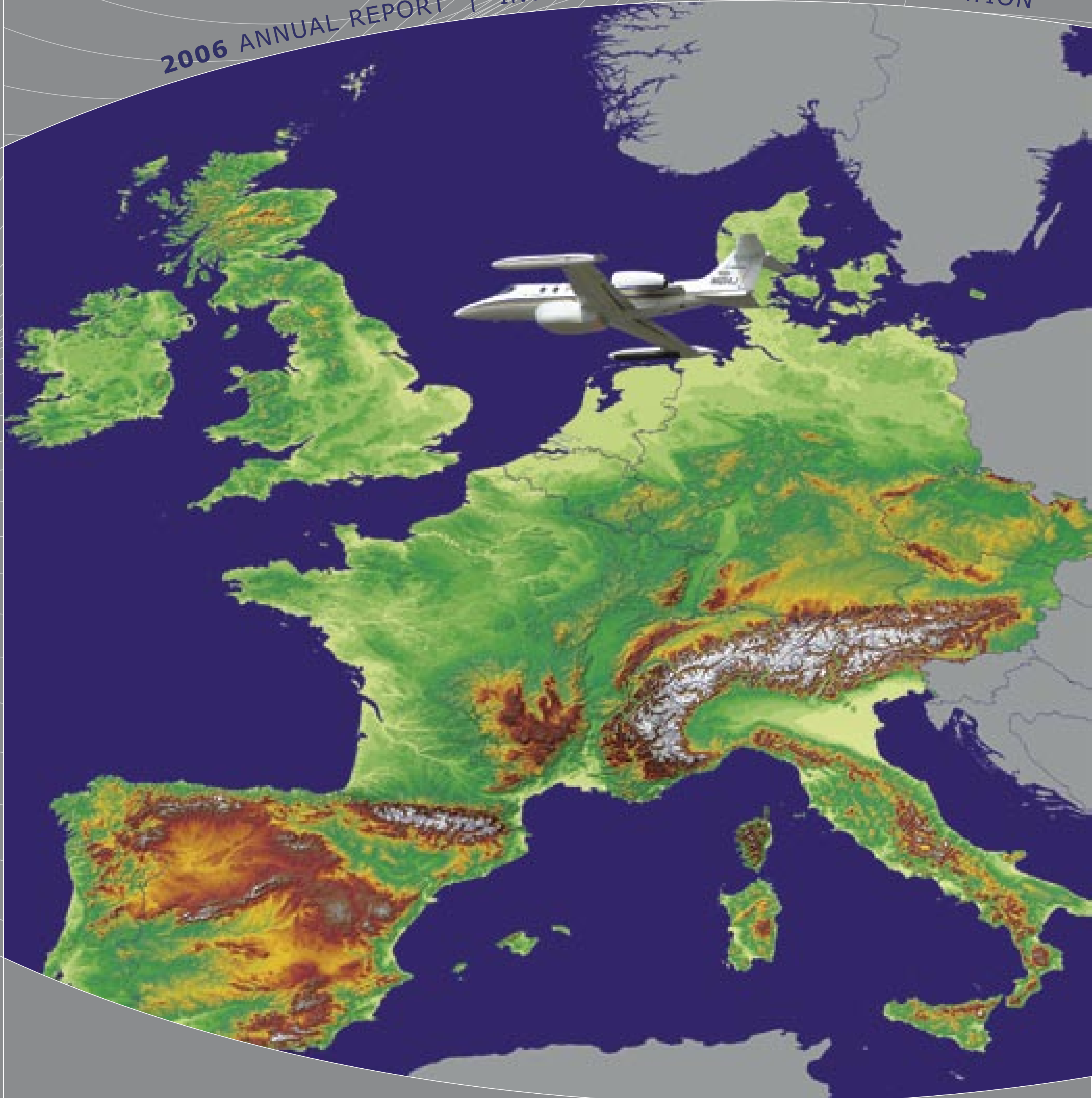
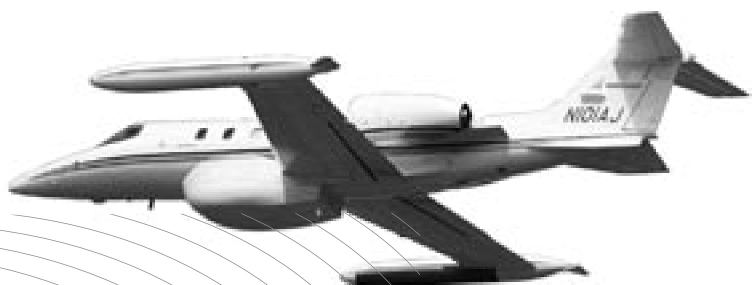
INTERMAP
TECHNOLOGIES

2006 ANNUAL REPORT | INTERMAP TECHNOLOGIES CORPORATION



NEXTMap® Europe

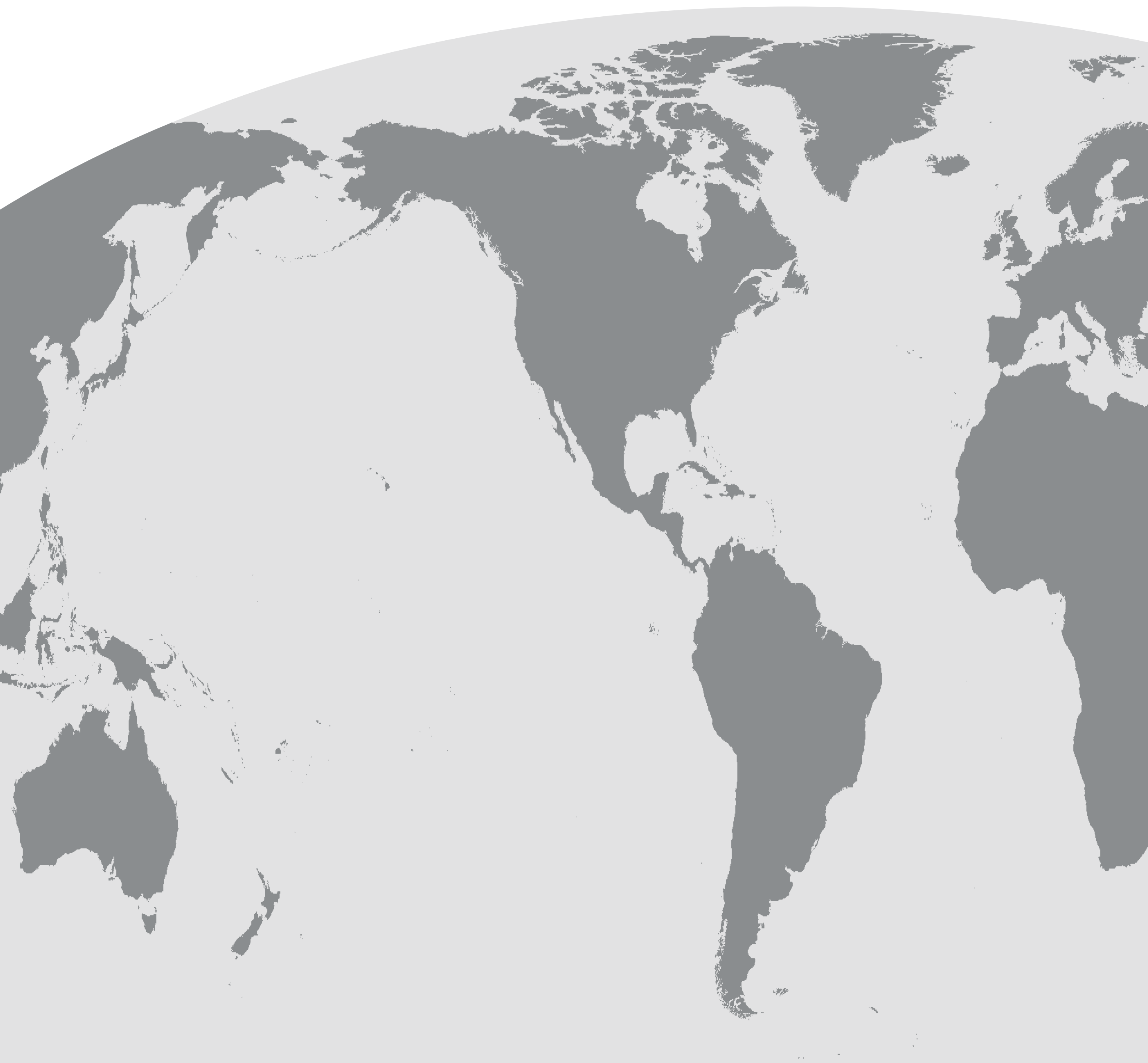
COVER IMAGE: driven by demand within the European GIS, automotive, government, and insurance sectors, our NEXTMap® Europe program is well underway. With our NEXTMap® Britain datasets already collected and processed, we're focused on processing the data we recently collected for the entire country of Germany. By the end of 2007, our NEXTMap® Europe program will collect all the countries highlighted in contoured relief.



Annual Meeting
May 11, 2007, at 10:00 a.m.
at the Westwinds Conference
Room, Second Floor, Selkirk
Building, #1200, 555 - 4th Ave.
S.W., Calgary, Alberta.

2006 Highlights

- Revenue increases 46%
- NEXTMap® multi-client data license (MCDL) sales increase by 51%
- NEXTMap® USA data coverage totals 26% of the continental USA at the end of the year
- NEXTMap® Europe – Germany collection completed in 2006; remainder of Western Europe to be collected in 2007
- Automotive market surges ahead with three Joint Development Agreements
- Three new markets selected for total solutions sales



President's Message

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

Brian L. Bullock
President and Chief Executive Officer

In 2006, the Company's NEXTMap® program gained significant momentum in several areas, including a 51% increase in data licensing revenue from NEXTMap® data – primarily from NEXTMap® USA. As individual countries are completed in Europe during 2007, we are optimistic that we will deliver another increase in revenue from our MCDL activities.

The need for highly accurate and uniform elevation data, capable of supporting innovative applications within such high-volume markets as on-line visualization, recreational PNDs (personal navigation devices), insurance flood mapping, and in-vehicle systems for safety and fuel efficiency, is creating tremendous opportunity for our NEXTMap® products. To take advantage of these opportunities, we expanded our capacities and accelerated plans in 2006 to complete the mapping of our targeted European countries by the end of 2007, with the completion of the U.S. scheduled by the end of 2008. Considering that we significantly increased our coverage of the U.S. and Europe in 2006, while reducing our cost of collection and processing, the timing couldn't be better. This will put us in an excellent position to enable exciting first-to-market applications within these emerging sectors.

During 2006, 487,000 square kilometers of data was collected in Europe, including all of Germany, which is the fourth country mapped in its entirety under the Company's NEXTMap® Europe program that already includes England, Scotland, and Wales. These datasets are the most accurate countrywide 3D digital maps of Europe in existence. When completed, the NEXTMap® Europe initiative will have mapped a total of 17 European countries in their entirety including Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Scotland, Spain, Switzerland, and Wales. Driven by demand within the European automotive, government, and insurance sectors, the processing and editing of the NEXTMap® Europe data is expected to be completed and available for sale beginning in mid-2007, with the final editing and processing of the last collected data scheduled for completion during 2008.

Progress on the NEXTMap® USA build was significant in 2006, as we completed the collection of an additional 777,000 square kilometers. Intermap has now completed the entire states of California, Florida, Mississippi, and Hawaii. Also completed are portions of Alabama, Arizona, Louisiana, Michigan, Nevada, New Mexico, Oklahoma, Oregon, Texas, West Virginia, and Wyoming. Since the inception of the project, more than 26% (approximately 2.1 million square kilometers) of the country has been collected. We will reach maximum data collection and processing rates in 2007 and expect to have the collection portion of the NEXTMap® USA project completed by the end of 2008.

In 2006, the largest purchases of NEXTMap® USA data came from two of our national subscription customers: the National Geospatial-Intelligence Agency (NGA) and the U.S. Department of Agriculture (USDA). We also increased sales to local government counties within California during 2006 and expect further increases in sales during 2007 to not only these governmental customers, but also to commercial customers as we pursue a solutions-based strategy of selling to statewide agencies, counties, local governments, engineering and telecommunications companies, and other enterprise entities.

We also added two additional aircraft during 2006 and began the process of equipping these aircraft with our proprietary industry-leading IFSAR airborne data collection systems. One of these aircraft was completed and went into service during the year and began collecting data in the fourth quarter. The second platform will go into service in the second quarter of 2007. Combined, the new aircraft are capable of collecting approximately 2,000,000 sq. km. (772,000 sq. mi.) of highly accurate digital elevation data per year. These new aircraft, coupled with the efforts of our engineering and software development teams in 2006, will double our production capacity to more than 4 million square kilometers of data per year.

We are always searching for new efficiencies in our production capabilities and we were able to make significant reductions in the cost per unit area during the year. In 2006, our production cost per square kilometer averaged $13.17 in the U.S. and, once fully processed, we expect the cost per square kilometer of NEXTMap® Germany to be approximately $11.00. This is a major reduction from the $35.00 per square kilometer cost achieved with our NEXTMap® Britain project completed in 2003 and we anticipate further improvements in our production costs over the next several years through software enhancements, technology advances, and improved processing capabilities.

Competition in the development of Web-based mapping applications is helping increase demand for higher quality data that can enable new applications designed to provide greater value to the end user. Ultimately, the quality of the data is one of the factors that will separate providers in this space. At the end of 2006, Microsoft Corp. announced a new Virtual Earth online mapping and visualization platform for 3D data over the web. At the same time, we began discussions with Microsoft regarding the integration of our NEXTMap® data into their Virtual Earth application and, in February 2007, we announced an agreement to provide Microsoft with NEXTMap® Britain digital elevation data for use within the Virtual Earth application. The agreement enables Microsoft to create and deliver a Live Search Maps product that is powered by the most current and accurate digital terrain model of Great Britain.

We continue to produce the most accurate national 3D maps in the world and feel there is a strong drive to move toward an accurate elevation model that includes better quality images in a perspective view. Our relationship with Microsoft sets the stage for the future development of applications and solutions that rely on accurate digital elevation models to serve a multitude of business and consumer needs around the world. These applications would have otherwise been unachievable prior to Intermap's creation of these 3D datasets and we anticipate that Microsoft will expand their use of NEXTMap® data in 2007 to include other European countries.

In addition to Microsoft's introduction of their Virtual Earth product, they have also recently launched Version 10 of their Flight Simulator product. New to this release is a much improved visualization engine that will now support the full resolution of our NEXTMap® Britain elevation data and high-resolution images. Horizon Simulation Ltd., one of our product partners in the UK, has released a terrain plug-in for Version 10 that features NEXTMap® Britain full resolution elevation data draped with 1-meter color imagery.

In 2006, we began discussions to acquire Prague-based MultiMedia Computer s.r.o. (MMC), a geospatial software company that is a key component in the development of product solutions for our customers. In March of 2007, we announced the completed acquisition of MMC. The strategic acquisition of MMC provides us with the added capability to enhance our product offerings from strictly data sales to solutions-based sales for specific markets within a variety of diverse industries. These enhancements are accomplished through a set of web-supported tools based on Microsoft's .NET platform. The platform allows geospatial data from multiple sources to be brought together automatically, solving problems with format, projection, and data discrepancies so they can be overlaid accurately and used to provide a host of new and innovative applications. This acquisition also provides us with a superb 3D visualization tool that will be a key enabler of future visualization solutions.

During the year, after careful market analysis, we announced that we had selected three vertical markets to pursue with robust product solutions. These three markets include emerging flood risk solutions, advanced driver assistance systems, and recreational PNDs. MMC's technological expertise will help propel us into these markets.

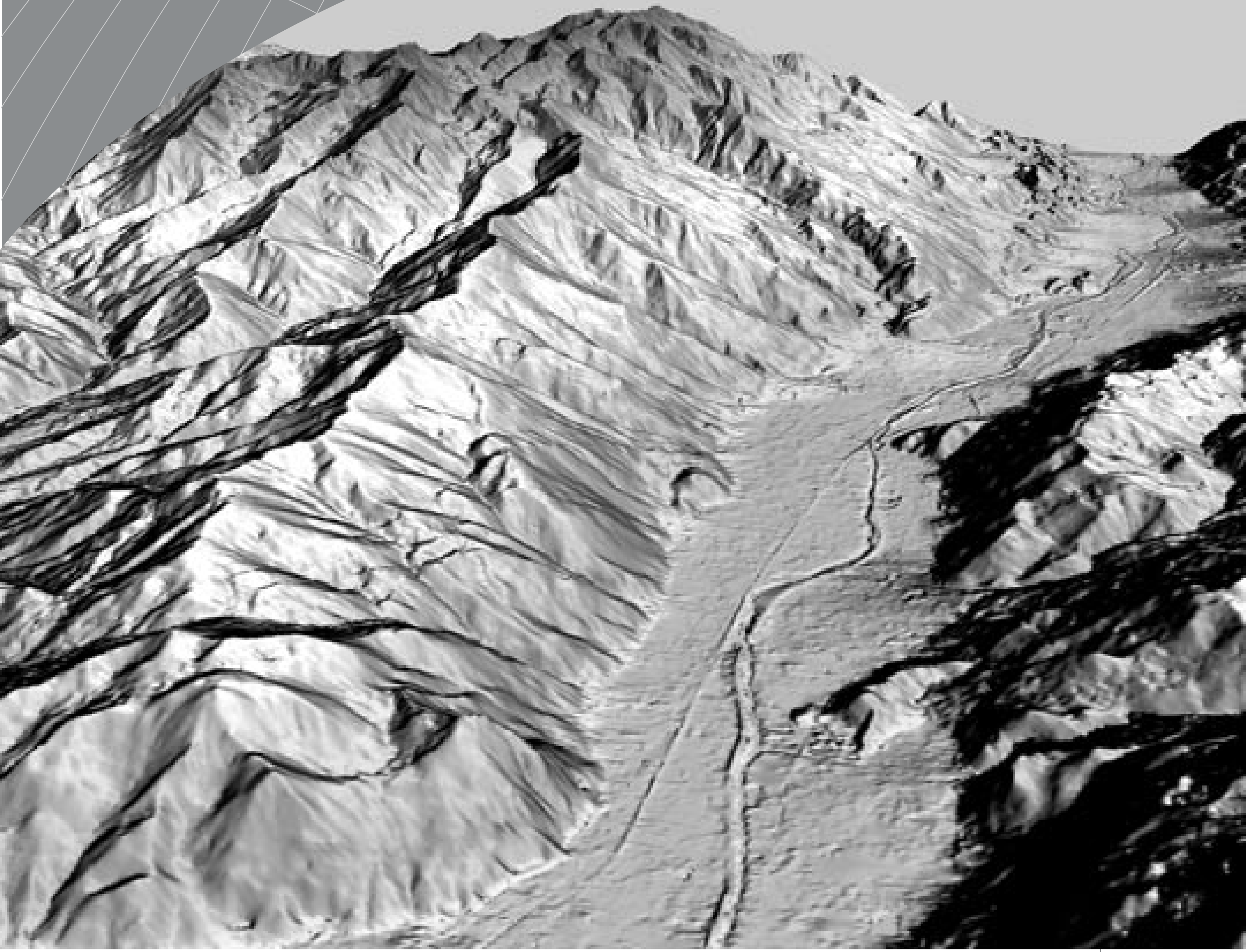
An example of this technological expertise is MMCs prior creation of a simple, easy-to-use flood-risk application for the Czech Republic and the Slovak Republic. This product is now used by the majority of direct insurers in these countries. Combined with our flood risk analysis experience with Norwich Union Insurance in Great Britain, this tool will provide a launch point for flood-risk analysis in both Europe and the U.S.

We are also creating 3D road vector data products to improve advanced driver assistance systems (ADAS) applications that will drive active safety devices, improve fuel performance, and enhance in-car navigation. Market interest for these applications has been increasing as active safety, advanced car navigation, and related applications are gaining worldwide focus. It is highly likely that accurate 3D maps will play a key role in future evolutions of these systems.

In 2006, we announced agreements with TeleAtlas, Harman Becker, and Siemens VDO to support emerging ADAS applications using our 3D road vector data. These applications are expected to deliver 3D maps and active safety systems within vehicles to reduce accidents and traffic fatalities. NEXTMap® databases can enable automotive electronics to predict what lies ahead and alert drivers of impending hazards. Advanced predictions of road geometries will also be an important component of visualization devices, vehicle fuel performance enhancement systems, and advanced driver assistance systems. In addition to these previously announced agreements, we are in discussion with other automotive suppliers and manufacturers in both Europe and the U.S.

Statistics show that the market for GPS-employed PNDs nearly doubled in 2006. Roughly, 14 million PNDs were shipped and several large companies announced new products during the year. The majority of these units are used in vehicles for road navigation, while an increasing number of PNDs are being employed within the recreational market for off-road vehicles and outdoor recreational activities. Intermap evaluated several leading PND units in 2006 and determined that data currently available for off-road applications is so limited that the utility of such devices is extremely poor. Most of the devices evaluated did not have an adequate data base of hiking trails or back country roads.

When we examined the market size of several recreational vehicle segments, we found the total number of off-road vehicles ranged from 1 to 5 million. When you include recreational activities, such as back-packing and hiking, the numbers quickly exceed 10 million. This is a fast-growing and exciting market



This photo is a highly accurate, color-shaded relief of a 5-meter posted Digital Terrain Model (DTM) created by Intermap Technologies. The image is looking west at Mount Orsiera (877.21 meters), located in Italy's Piemonte region on the northwestern border of Italy with France and Switzerland. The height data collected for this project is part of our proactive NEXTMap® Europe 3D digital elevation mapping program.

that has stimulated technology suppliers to improve capacity, speed, and graphics in the devices they supply to the original equipment manufacturers (OEMs). Continuous improvement in chipsets and data storage along with evolving features, paves the way for 3D Intermap data to enable the next generation of recreational PNDs.

The year 2006 was truly a watershed for the Company. Significant increases in overall revenue and, specifically, NEXTMap® MCDL revenue, are a testament to the hard work and unwavering commitment of our employees. This concerted effort, combined with our new joint development agreements and the identification of new market opportunities, places us well on our way to becoming the leading solutions-based provider of 3D elevation data and geometries.

There are a host of other market applications for our NEXTMap® products, some of which are now just starting to emerge. Along with our own initiatives, we are continuing to support partners in the utilization of our 3D data for these new emerging applications in an effort to greatly expand the market for our 3D data and customer solutions. As we look back over the past few years, we note that the 2D map providers created a billion dollar market in about a six-year period. The mapping world has never before seen this level of growth and, ultimately, we believe the market for 3D data could be even larger than the market for 2D data simply because the Earth's surface is three-dimensional and accuracy does matter.

I remain confident that Intermap will create the world's most accurate database of national 3D maps, and that over the next few years we will become the de-facto standard for digital mapping data throughout Europe and the U.S. It is with immense pride that I thank our shareholders, the entire Intermap team, and all of our other Company stakeholders for their continuing belief in, and support of, our vision for NEXTMap® as we look forward to an exciting year ahead.

Sincerely,

Brian L. Bullock
President and Chief Executive Officer

Operations Review

The year 2006 was about growth and achieving new levels of performance in all areas of the production cycle.

Intermap's engineering team worked diligently throughout the year to add two new data collection platforms to our fleet of aircraft and upgraded the performance of two of our existing platforms. We also continued our efforts to build the necessary infrastructure and introduce new products to support Intermap's growing production and customer requirements.

In addition to the new radar installation in our second Learjet, the team also installed a new radar system in our second King Air. We previously identified the new radar system as a critical upgrade to our data collection capability in order to accelerate our NEXTMap® Europe program. Because the aircraft was already outfitted with the radome that houses the antennae portion of the radar system, the team was able to build and install the new radar system for this platform in just six months. The aircraft was also equipped with the necessary avionics to enable it to fly within European airspace. After three months on the ground for similar avionics upgrades, our first Learjet returned to service with significantly increased capacity. These two aircraft will become the backbone of our data collection efforts in Europe during 2007.

We released our second King Air platform to operations in November of 2006 and dispatched the system to Europe by the end of the year to undergo necessary flight testing procedures. The aircraft passed these tests with overwhelming success. We are now expecting our second Learjet to be in service during the second quarter of 2007.

Data collection results for 2006 showed significant progress. NEXTMap® Germany represented a seven-fold increase in efficiencies over the 2001 collection efforts on behalf of our NEXTMap® Britain program. We collected the entire country of Germany (with an area of 357,000 square kilometers) during the summer months, along with portions of surrounding countries, resulting in total data collection of 487,000 square kilometers during the year. In June alone, we collected 186,000 square kilometers of Germany data, which is a new Company record for all-time data collection in any single month.

In addition to the data collection in Europe, we also collected 777,000 square kilometers of NEXTMap® USA data. The data collected in the USA focused on Texas, New Mexico, Utah, South Dakota, Wyoming, and Oregon. The total amount of data collected for the combined NEXTMap® programs in 2006 exceeded that of 2005 by 76%.

Intermap continued to execute contract services projects in 2006, collecting 203,000 square kilometers of data on four continents using three of our data collection platforms. Included in this activity was the continued commitment to our NEXTMap® Indonesia project.

We also put certain organizational efficiencies into place during the year to keep pace with operational growth. For example, we relocated the command and control center (C3) supporting our aircraft deployment to the Denver office, enabling improved communication with our data acquisition services management group. The C3 team enables added efficiencies through better tactical flight planning and weather management, thus lowering our overall aircraft data collection costs.

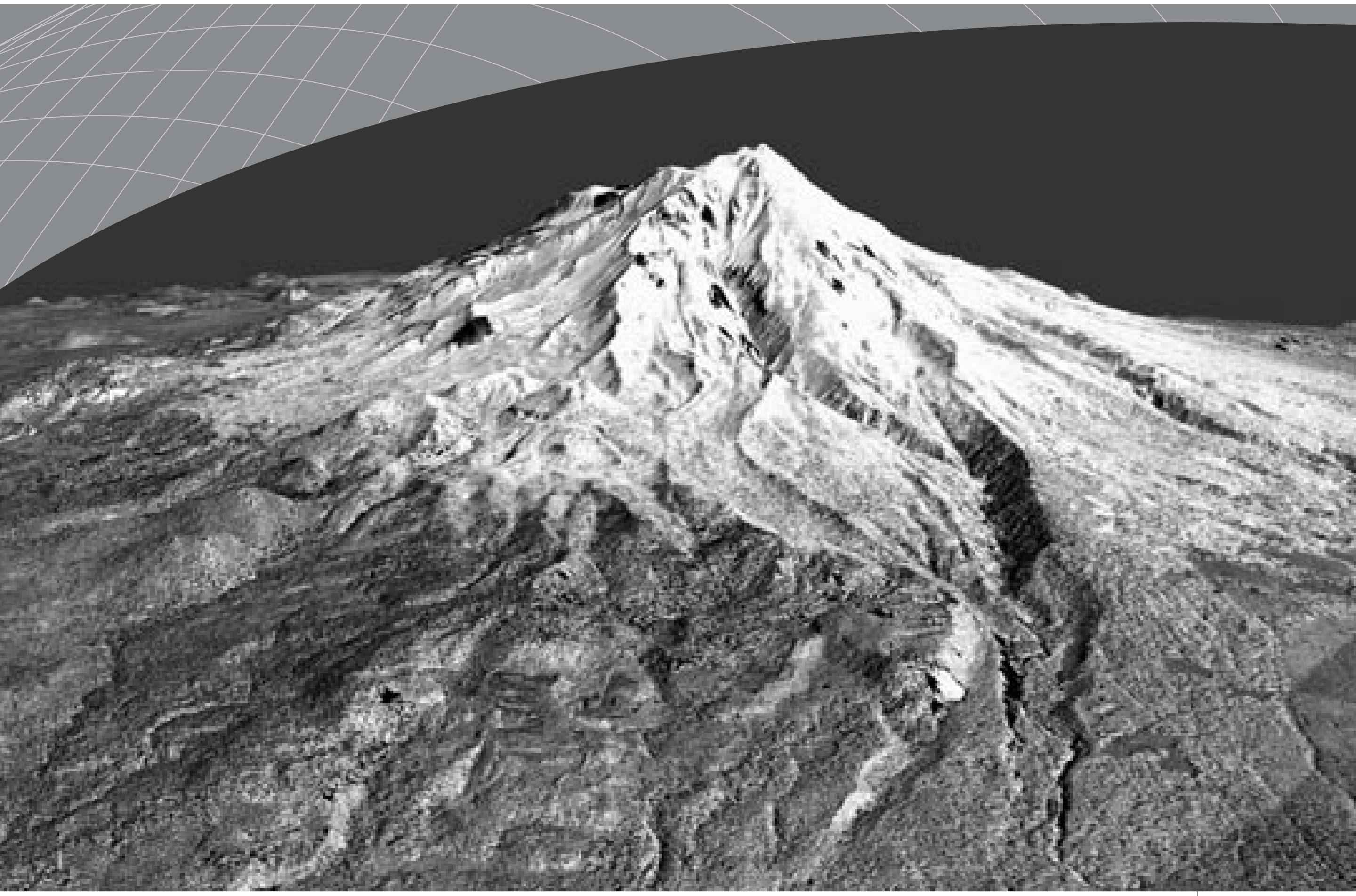
Our data processing department also experienced substantial growth during the year. New hardware was added to the interferometric processing center in Denver, allowing us to consolidate and keep up with the increased production that will result from having five aircraft collecting data during 2007.

P.T. ExsaMap Asia, our Indonesian-based data processing company, increased its technical data finishing staff by 47% during 2006. Due to the accelerated data collection schedule established with our NEXTMap® programs, we decided this expanded data finishing capability was required. We expect the ramp-up of P.T. ExsaMap Asia's staff to continue through June 2007.

In addition to our own data finishing capability, in September, we contracted with Pasco Corporation of Japan to provide data finishing services similar to that provided by P.T. ExsaMap Asia. As part of this contract, we will provide training, project management, and data quality control at Pasco's new production office in Bangkok, Thailand. By the end of 2007, the expectation is that the data finishing teams in Jakarta and Bangkok will grow by 210% over their 2006 staffing levels. While we placed a strong focus on hiring and training new staff this year, 1 million square kilometers of data was still processed and placed in the Company's database by the end of 2006.

During 2006, we introduced a new color image layer. This product enables us to provide a colorized image as an option to the standard orthorectified radar image (ORI). This color image is achieved by fusing Landsat satellite imagery with our ORI. This product enables us to offer a low-cost color image solution to our customers.

From preparation to performance, 2006 was a year of infrastructure building for Intermap and 2007 will be a year of execution as the convergence of new aircraft, processing tools, hardware, and staff will greatly increase our overall production capabilities.



Our Orthorectified Color Imagery (OCI), overlaid on a corresponding DTM, produced this striking visualization of Mt. Shasta (4,317 m / 14,162 ft.) towering over Siskiyou County in northern California. The United States Geological Survey considers Mt. Shasta a dormant volcano that will erupt again. The last major eruption is thought to have occurred approximately 200 years ago.

Management's Discussion and Analysis (MD&A)

For the year ended December 31, 2006

For purposes of this discussion, "Intermap" or the "Company" refers to Intermap Technologies Corporation and its subsidiaries.

This management's discussion and analysis ("MD&A") is provided as of March 14, 2007 and should be read in connection with the Company's audited Consolidated Financial Statements for the years ended December 31, 2006 and 2005, together with the accompanying notes. Unless otherwise noted, the results reported herein have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are expressed in U.S. dollars.

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

FORWARD-LOOKING STATEMENTS

This discussion and analysis may contain forward-looking statements involving risks and uncertainties including, but not limited to, changes in the market and changes in the economy. As a result of these and other uncertainties that could impact the Company in the future, we cannot assure that any forward-looking statements included herein will be realized. For additional information with respect to certain of these risks or uncertainties, reference should be made to section "Risk Factors" in the Company's Annual Information Form and to the Company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. Intermap assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

BUSINESS OVERVIEW

The Company provides digital mapping products, services and solutions and is building a global database of 3D digital elevation models. Our digital maps are used in a wide range of applications, including geographical information systems (GIS), engineering planning, transportation, automotive, personal navigation, flood, irrigation, environmental management and planning, telecommunications network planning, aviation, simulation and 3D visualization. The products are also used to add interactive intelligence to airborne and satellite images. Working for private industry and governments worldwide, Intermap employs InterFerometric Synthetic Aperture Radar (IFSAR) mapping systems which can map large areas accurately and quickly and can acquire data in overcast and dark conditions. Intermap generates maps, digital elevation models and orthorectified images from its proprietary airborne interferometric radar systems.

During 2006, we continued with our plans to build a database of national map data by digitally mapping entire countries. The projects encompassing these plans are referred to collectively as NEXTMap®. Since the completion of our NEXTMap® Britain project in 2003, we focused on our NEXTMap® USA and NEXTMap® Europe projects. By the end of 2006, we had mapped the entire states of California, Florida, Mississippi and Hawaii. We have also mapped portions of the states of Alabama, Arizona, Louisiana, Michigan, Nevada, New Mexico, Oklahoma, Oregon, Texas, West Virginia and Wyoming representing over 2 million square kilometers or approximately 26% of the entire NEXTMap® USA project. We expect to have the collection portion of the NEXTMap® USA project completed by the end of 2008.

During 2007, as we continue with our NEXTMap® USA project, we are planning to map areas in Arizona, Colorado, New Mexico, the U.S./Canada border, and other key areas driven by customer demands.

In 2006, we made additional progress with our NEXTMap® Europe projects successfully completing the collection of 487 thousand square kilometers of data which included the entire country of Germany and portions of the surrounding countries. This marks the fourth country mapped in its entirety under the Company's NEXTMap® Europe program which includes England, Wales and

Scotland. We expect NEXTMap® Germany to be available for country wide sales during the second half of 2007. During 2007, we are planning on completing the collection of data in 13 additional countries within Europe, which will complete the first phase of the NEXTMap® Europe dataset.

NEXTMap® USA

During 2006, we made significant progress towards the completion of our NEXTMap® USA project, the largest NEXTMap® project to date. The project calls for the mapping of the entire continental United States, building on the successes of the NEXTMap® Britain project. Priority in the United States will be given to areas with the earliest and highest revenue or cost recovery potential. The NEXTMap® USA project includes terrain elevation and imagery data accurate to one-meter or better, covering nearly 8.0 million square kilometers of the United States. The gross amount of costs that are capitalized under the project includes direct costs, overhead and depreciation. NEXTMap® USA costs capitalized by period during 2005 and 2006 are as follows:

	Q1	Q2	Q3	Q4	Total
2005	$ 3.3M	$ 3.3M	$ 3.2M	$ 2.0M	$ 11.8M
2006	**3.1M**	**3.0M**	**1.2M**	**2.3M**	**9.6M**

The net book value of the NEXTMap® USA data at December 31, 2005, was $20.9 million and at December 31, 2006, was $28.1 million. Since the inception of the project, approximately 2.1 million (777 thousand and 738 thousand in 2006 and 2005, respectively) square kilometers of data have been acquired and either completely or partially processed. The capitalized cost of NEXTMap® USA data in 2006 was approximately $13.17 (2005-$14.24) per square kilometer. Actual unit costs (per square kilometer) are expected to decrease over the life of the project. We currently estimate that the total cost of the base project will be approximately $80 million with additional costs expected for added features such as a national color image layer and 3D road vectors. The funding of this project is expected to occur primarily through a combination of existing cash resources, customer data sales and ongoing operations. In view of the Company's expected future investment in its NEXTMap® programs and the product offerings arising from such programs, the Company may seek additional equity or debt financing for the funding of additional products. The NEXTMap® USA data collection, processing and editing will continue to ramp up during 2007 with full capacity expected to be in place during the second quarter. The completion of the collection portion of the project is expected by the end of 2008 with fully processed and edited data completed and ready for sale during 2009. As part of the 2006 ramp-up, an additional Learjet aircraft was purchased and a second King Air aircraft was leased. Both aircraft are currently being calibrated and certified after being modified to incorporate the Company's proprietary IFSAR radar system and are expected to be in full service during the first four months of 2007.

NEXTMap® Europe

During 2006, we resumed efforts on our NEXTMap® Europe project. The program calls for the mapping of the 17 European countries, including, Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Scotland, Spain, Switzerland and Wales. Priority in Europe will be given to areas with the strongest customer demands. The NEXTMap® Europe project will be built with the same specifications as NEXTMap® USA, and includes approximately 2.3 million square kilometers of land area. The gross amount of costs that are capitalized under the project includes direct costs, overhead and depreciation. NEXTMap® Europe costs capitalized by period during 2006 are as follows:

	Q1	Q2	Q3	Q4	Total
2006	**$ 0.1M**	**$ 0.4M**	**$ 1.3M**	**$ 1.1M**	**$ 2.9M**

The net book value of the NEXTMap® Europe data at December 31, 2005 was $0.3 million and at December 31, 2006 was $3.2 million. During 2006, approximately 487 thousand square kilometers of data has been acquired and either completely or partially processed. The capitalized cost of NEXTMap® Europe data in 2006 was approximately $7.60 per square kilometer, but does not include the majority of the costs associated with processing and editing the data. We currently estimate that the total cost of the project will be approximately $26.5 million. The funding of this project is expected to occur primarily through a combination of existing cash resources, customer data sales and ongoing operations. In view of the Company's expected future investment in its NEXTMap® programs and the product offerings arising from such programs, the Company may seek additional equity or debt financing for the funding of additional products. The NEXTMap® Europe data collection, processing and editing will continue to ramp up during 2007 and the collection of the entire dataset is expected to be completed by the end of 2007. The final processing and editing of the project is expected to be complete and available for sale in 2008.

NEXTMap® Britain

The Company's NEXTMap® Britain project covered approximately 230 thousand square kilometers and included border-to-border coverage of England, Wales and Scotland. Revenue generated from the sale of data from this project recovered the cost capitalized for the project within eight months of its completion. Data licensing revenue recognized from the NEXTMap® Britain project in 2005 and 2006 are as follows:

	Q1	Q2	Q3	Q4	Total
2005	$ 0.1M	$ 0.7M	$ 0.2M	$ 0.0M	$ 1.0M
2006	**0.1M**	**0.3M**	**0.3M**	**0.2M**	**0.9M**

The net book value of the NEXTMap® Britain data at December 31, 2005 was $1.7 million and at December 31, 2006 was $1.1 million.

Contract Services

Our contract service business currently remains the largest source of revenue for the Company and is driven primarily from government funding. However, we believe revenue from our NEXTMap® database will continue to grow and become an increasingly larger percentage of overall revenue in future periods. As we have experienced historically, contract service revenue can be sporadic and unpredictable as a result of uncertainty surrounding the timing, priorities of and amounts of funding from government entities.

The contracted amounts and timing of contract awards from these customers are the primary reasons for the variation in the Company's financial performance during 2005. As of December 31, 2006, the Company has over $6.6 million in signed contracts where revenue will be recognized during 2007. The Company expects to receive additional contracts during 2007 from these government entities, but the magnitude and timing of such contracts are difficult to predict.

Even though the growth of revenue in both our contract service business and from the licensing of our NEXTMap® database is a continued focus for the Company, our primary goal over the next three years is the completion of the NEXTMap® USA and Europe databases. With the completion of these databases, we believe substantial revenue opportunities will develop that would not otherwise be available without complete national coverage.

See "Liquidity and Capital Resources" below regarding the financial condition and cash flows of the Company.

ANNUAL FINANCIAL INFORMATION

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

Selected Annual Information

U.S. $ millions except per share data	**2006**	2005	2004
Revenue:			
Contract services	**$ 15.1**	$ 10.6	$ 11.7
Multi-client data licenses	**6.7**	4.4	5.3
Total revenue	**$ 21.8**	$ 15.0	$ 17.0
Net loss	**$ (11.0)**	$ (6.5)	$ (4.4)
EPS basic and diluted	**$ (0.30)**	$ (0.32)	$ (0.30)
Assets:			
Multi-client data library	**$ 32.4**	$ 23.0	$ 11.5
Total assets	**$ 111.9**	$ 105.1	$ 36.4
Total long-term liabilities (including capital lease obligations)	**$ 1.9**	$ 2.1	$ 1.0

Revenue

Consolidated revenue for the year ended December 31, 2006 totaled $21.8 million compared to $15.0 million for 2005, representing a 46% increase.

Contract services revenue for the year ended December 31, 2006 increased to $15.1 million compared to $10.6 million for 2005. The increase reflected a strong increase in contract service work in Southeast Asia and South America and from a recurring project in North America. These increases were partially offset by a decrease in revenue recognized on the Company's ongoing Shuttle Radar Topography Mission (SRTM) contract.

MCDL revenue for the year ended December 31, 2006 increased to $6.7 million compared to $4.4 million for 2005. During 2006, approximately 76% of the MCDL revenue was associated with the Company's NEXTMap® USA program, approximately 14% was associated with the NEXTMap® Britain program and 9% was associated with the Company's NEXTMap® Indonesia data. Revenue generated from the NEXTMap® USA program during 2006 was primarily in the areas of California, Texas and Arizona. For the same period in 2005, approximately 36% of the MCDL revenue was associated with the NEXTMap® USA program; approximately 23% from the NEXTMap® Britain program; and approximately 37% from the sale of NEXTMap® Indonesia data.

Cost of Services

Cost of services expense for the year ended December 31, 2006 totaled $7.9 million compared to $5.0 million for the same period in 2005. This increase is primarily due to an increase in costs associated with increased contract services work and preparation costs associated with future mapping activities.

Research and Development

Research and development (R&D) expenditures include all of the Company's engineering personnel and their associated costs. For the years ended December 31, 2006 and 2005, R&D costs were $2.7 and $1.8 million, respectively. The $0.9 million increase in 2006 over 2005 is primarily the result of a dedicated research project aimed at dramatically increasing the production efficiency associated with our aircraft and IFSAR systems. This project is scheduled to be completed during the first half of 2007. Costs incurred during 2006 relating directly to this project totaled approximately $0.5 million. Benefits from this research project have already improved the efficiency of data collection which will result in a reduction of costs on NEXTMap® USA and NEXTMap® Europe that is equivalent to approximately three times the total proposed research expenditure. The level of expenditures for R&D related initiatives in 2007 is expected to remain consistent with the level incurred during 2006. Gross R&D expenses during 2006 and 2005, prior to capitalization, were $3.5 million and $2.2 million, respectively.

Sales, General and Administration

All indirect expenses of the Company are included in this category, including production and operations overhead, database infrastructure costs, advertising, sales, marketing, finance and administrative costs. Sales, general and administration (SG&A) expenses for the year ended December 31, 2006 were $19.0 million, compared to $10.7 million for 2005.

The increase in SG&A expense during the year ended December 31, 2006 as compared to 2005 was mainly due to the ramp up of staff and support for the two additional aircraft that will begin collection in 2007. As a result of this ramp up, the Company experienced increases in (i) personnel related costs of $3.2 million (ii) non-cash stock compensation expense of $1.4 million (iii) professional services of $0.9 million (iv) rent expense of $0.7 million (v) travel expense of $0.5 million (vi) legal expenses of $0.3 million, and (vii) training expense of $0.3 million. The increase was also impacted by a decrease of $0.2 million in the capitalization of overhead expense incurred in connection with decreased levels of data collection associated with our NEXTMap® programs during 2006. The decreased level of data collection on NEXTMap® programs during the year was the result of increased efforts on contract services projects. Gross SG&A expenses for the year-ended December 31, 2006 and 2005, prior to capitalization were $22.8 million and $14.5 million, respectively. These increases were related to the overall expansion of the Company's operations to support its NEXTMap® USA and NEXTMap® Europe initiatives.

Personnel

Consolidated headcount for the Company was 352 at December 31, 2006, an increase from 250 at December 31, 2005. The increase in headcount resulted primarily from the addition of resources required to fulfill the Company's operating objectives associated with its NEXTMap® USA and NEXTMap® Europe initiatives. Indirect salaries and related personnel costs for the year-ended December 31, 2006 were $10.3 million compared to $7.5 million in 2005. Approximately two thirds of the headcount increases were associated with data collection, data processing and engineering related activities.

Non-cash stock compensation during the year ended December 31, 2006 totaled approximately $2.0 million and for 2005 totaled $0.6 million. Of the 2006 total amount, $1.6 million relates to stock options granted to employees and directors, while $0.4 million relates to the deferred compensation arrangement in place with Mr. Brian L. Bullock, the Company's CEO. On June 30, 2006, in consideration for Mr. Bullock signing a five-year employment contract extension, the Company released from escrow 175,000 shares of the 250,000 Class A common shares held in escrow in Mr. Bullock's name. Because the release of the shares from escrow was considered a modification of Mr. Bullock's original restricted stock agreement, non-cash compensation expense of $0.3 million was recorded during the second quarter of 2006 to account for the transaction. Simultaneous to the release of these shares from escrow, Mr. Bullock signed over to the Company 55,000 of the 175,000 Class A common shares to cover his personal tax obligations associated with the transaction. The Company subsequently cancelled these shares and submitted the value of such shares in cash to the taxing authorities.

Depreciation of Property and Equipment

Depreciation expense for each of the years ended December 31, 2006 and 2005 totaled $3.5 million. Although these amounts are consistent on a net basis, gross depreciation expense increased from $4.8 million during the year ended December 31, 2005 to $5.0 million during the year ended December 31, 2006. Depreciation capitalized in the year ended December 31, 2006 increased to $1.5 million compared to $1.3 million in the year ended December 31, 2005. The capitalization of depreciation expense relates to the creation of the Company's Multi-client Data

Library, and specifically relates to the dedication of internal resources (aircraft, radar and production equipment) for the purpose of acquiring and processing NEXTMap® data.

Amortization of Multi-client Data Library

Amortization expense of the Multi-client Data Library during the year ended December 31, 2006 increased to $3.1 million from approximately $1.6 million in 2005. The increase in this expense was primarily due to the increase in amortization on the NEXTMap® USA dataset, which totaled $2.4 million in 2006 and $0.7 million for the same period in 2005. See "Critical Accounting Policies and Estimates – Multi-client Data Library" below.

Interest Income and Expense

The investment of surplus cash during the year resulted primarily from the receipt of proceeds from an equity financing completed during the fourth quarter of 2005. This enabled the Company to earn $2.6 million in interest income during 2006. Interest income earned during 2005 totaled $0.4 million. Interest expense for the year ended December 31, 2006 totaled $175 thousand compared to $184 thousand in 2005.

Gain on Foreign Currency Translation

The Company monitors the level of foreign currency assets and liabilities carried on its balance sheet, effectively minimizing this exposure and producing a natural currency hedge where possible. These steps have historically included the conversion of certain long-term debt instruments from Canadian dollar to U.S. dollar denominations.

Prior to October 1, 2005, our measurement currency was the Canadian dollar, leading the Company to profit and loss exposure on net assets carried in currencies other than the Canadian dollar. Effective October 1, 2005, our measurement currency was changed to the U.S. dollar, which changed the exposure to net assets carried in currencies other than U.S. dollars (including the Canadian dollar). During 2006, we reported a gain of $1.2 million from currency fluctuations, largely as a result of cash balances carried in Canadian dollars and reflecting an increase in the value of that currency. During 2005, we reported a gain of $1.0 million as a result of net asset balances carried in U.S. dollars and the gain in the value of that currency. At December 31, 2006, the Company held cash in Canadian dollars of approximately $1.5 million.

Income Tax

The Company reported $63 thousand and $30 thousand of income tax expense during the years ended December 31, 2006 and 2005, respectively. These taxes relate to taxable income generated at the Company's Indonesian subsidiary. The Company did not recognize any income tax expense on any other operations during the year ended December 31, 2006 or 2005, as a result of losses incurred in the United States and Canada. The benefit of unused tax losses has not been recognized in the financial statements as the potential benefit has been offset by a valuation allowance.

Amounts Receivable and Unbilled Revenue

The Company performs work on contracts that provide for invoicing upon the completion of milestones. Revenue on these contracts is recognized using the percentage-of-completion method based on the ratio of costs incurred to date over the estimated final costs to complete the contract. While the Company makes efforts to schedule payments on contracts in accordance with work performed, the completion of milestones do not always coincide with the costs incurred on a contract, resulting in revenue being recognized in excess of billings. The Company records these amounts in the balance sheet as unbilled revenue.

Trade amounts receivable and unbilled revenue, net of deferred revenue, increased to $8.9 million at December 31, 2006, from $4.4 million at December 31, 2005. These amounts represent 111 days sales at December 31, 2006 compared to 94 days sales at December 31, 2005, reflecting specific project billing milestones on current commercial programs which were in progress on those dates.

Capital Lease Obligations and Long-Term Debt

Capital lease obligations and long-term debt totaled $2.2 million at December 31, 2006, as compared to $2.7 million at December 31, 2005. The decrease is the result of recurring payments on outstanding capital lease obligations and long-term debt offset by a new capital lease for the financing of computer equipment acquired during 2006.

Non-controlling Interest

The amount of $14 thousand recorded as non-controlling interest at December 31, 2006, and December 31, 2005, relates to the 10% interest held by a third party investor in the equity of the Company's Indonesian subsidiary, P.T. ExsaMap Asia.

QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected quarterly financial information for Intermap's eight most recent fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature which are, in the opinion of management, necessary to present a fair statement of the Company's consolidated results of operations for the periods presented. Quarter-to-quarter comparisons of Intermap's financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

US $ millions except per share data	Q1 2005	Q2 2005	Q3 2005	Q4 2005	**Q1 2006**	**Q2 2006**	**Q3 2006**	**Q4 2006**
Revenue:								
Contract services	$ 0.8	$ 2.7	$ 4.2	$ 2.9	**$ 1.0**	**$ 2.5**	**$ 6.2**	**$ 5.4**
Multi-client data licenses	0.9	0.9	1.2	1.4	**1.1**	**1.2**	**3.2**	**1.2**
Total revenue	$ 1.7	$ 3.6	$ 5.4	$ 4.3	**$ 2.1**	**$ 3.7**	**$ 9.4**	**$ 6.6**
Net loss	$ (2.5)	$ (1.9)	$ (0.9)	$ (1.2)	**$ (2.7)**	**$ (3.3)**	**$ (1.3)**	**$ (3.7)**
Loss per share basic and diluted	$(0.15)	$(0.11)	$(0.05)	$(0.04)	**$(0.08)**	**$(0.09)**	**$(0.03)**	**$(0.10)**

Revenue

For the fourth quarter of 2006, revenue was $6.6 million as compared to $4.3 million for the same period in 2005. The increase in revenue resulted primarily from an increase in the amount of contract services work performed during the fourth quarter of 2006, where revenue was $5.4 million compared to $2.9 million during the same period in 2005. This increase can be identified primarily with two contracts in South East Asia totaling $3.5 million.

Multi-client data license revenue for the fourth quarter of 2006 totaled $1.2 million as compared to $1.4 million for the same period in 2005. The decrease in multi-client data license revenue resulted primarily from the sale of an overseas archived dataset in December of 2005 with no similar type of sale occurring during the fourth quarter of 2006. The multi-client data license revenue during the fourth quarter of 2006 was primarily associated with the sale of NEXTMap® USA data.

During the fourth quarter of 2006, the composition of revenue was as follows: $5.0 million from contract service work, $0.4 million from the Company's SRTM production contract and $1.2 million from the licensing of NEXTMap® data. In the fourth quarter of 2005, $2.5 million of total revenue was generated from contract service work, $0.4 million from the Company's SRTM production contract and $1.4 million from the licensing of NEXTMap® data.

Cost of Services

Cost of services totaled $2.6 million for the fourth quarter of 2006, compared with $1.6 million in the fourth quarter of 2005, reflecting an increase in the costs associated with increased revenue generation and costs associated with the ramp up of personnel and equipment to accommodate increased data collection and processing.

Research and Development

Research and development costs for the quarter ended December 31, 2006 were $0.9 million, as compared with $0.5 million for the same period in 2005. The reason for the increase relates primarily to a dedicated research project aimed at dramatically increasing the production efficiency associated with our aircraft and IFSAR systems. This project is scheduled to be completed during the first half of 2007. Benefits from this research project have already improved the efficiency of data collection which will result in a reduction of costs on NEXTMap® USA and NEXTMap® Europe that is equivalent to approximately three times the total proposed research expenditure. Gross R&D expenses in the fourth quarters of 2006 and 2005 prior to capitalization were $1.1 million and $0.5 million, respectively.

Selling, General and Administration

All other indirect expenses of the Company are included in this category, including production and operations overhead, database infrastructure costs, advertising, sales, marketing, finance and administrative costs.

Selling, general and administration expenses totaled $5.7 million in the fourth quarter of 2006 compared to $3.1 million in the fourth quarter of 2005. Gross SG&A expenses for the quarter ended December 31, 2006 and 2005, prior to capitalization were $6.8 million and $3.9 million, respectively. The increase in SG&A expense in the fourth quarter of 2006 as compared with the same period in 2005 was mainly due to the ramp up of staff and support for the two additional aircraft that will begin collection in 2007. As a result of this ramp up, the Company experienced increases in (i) personnel related costs of $1.0 million (ii) non-cash stock compensation expense of $0.3 million (iii) professional services of $0.5 million (iv) rent expense of $0.3 million (v) travel costs of $0.1 million (vi) legal expenses of $0.1 million, and (vii) training of $0.1 million.

Depreciation of Property and Equipment

For the fourth quarter of 2006, depreciation of property and equipment expense increased by approximately $72 thousand as compared to the corresponding period in 2005. The increase in depreciation expense is directly attributable to assets entered into service during the prior year and the associated depreciation of those assets. In addition, the capitalization of depreciation expense increased to $395 thousand in the fourth quarter of 2006 as compared with $259 thousand in the fourth quarter of 2005. This capitalization of depreciation expense relates to the build of the multi-client data library and is specifically related to the dedication of internal resources (aircraft, radar and production equipment) for the purpose of acquiring NEXTMap® data.

Amortization of Multi-client Data Library

For the fourth quarter of 2006, amortization expense of the MCDL increased to approximately $0.8 million from approximately $0.5 million in the corresponding period in 2005. The increase of expense from 2005 to 2006 is primarily attributable to the amortization of NEXTMap® USA data in conjunction with the increase in sales of NEXTMap® USA data.

Interest Income and Expense

Interest expense incurred in the fourth quarter of fiscal 2006 totaled approximately $37 thousand, compared to approximately $49 thousand in the same period of 2005. The decrease is the result of payments made on outstanding debt and capital lease obligations which were offset by a new capital lease for the financing of computer equipment purchased during 2006. The receipt of proceeds from an equity financing in November 2005 enabled the Company to earn $315 thousand in interest income in the fourth quarter of 2005, with corresponding interest income of $643 thousand received in the fourth quarter of 2006.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations include: operating leases on office locations and one aircraft, capital leases on computer equipment and software, and long-term debt principal repayments as follows:

		Payments due by Period			
Contractual obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating leases	$ 3,896	$ 1,399	$ 2,395	$ 102	$ –
Capital leases	437	257	180	–	–
Long-term debt	1,780	537	1,242	–	–
Total	$ 6,113	$ 2,194	$ 3,817	$ 102	$ –

LIQUIDITY AND CAPITAL RESOURCES

Management of the Company continually assesses liquidity in terms of ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of accounts receivable, unbilled receivables, accounts payable and deferred revenue; (ii) investing activities, including the investment in the Multi-client Data Library and the purchase of capital assets; and (iii) financing activities, including bank credit and the issuance of capital stock.

Cash used in operations during the year ended December 31, 2006 totaled $3.8 million compared to $0.9 during the same period in 2005. The increase in cash used in operations is attributable to an increase in the net loss for the year.

Net cash generated by financing activities totaled $10.6 million during the year ended December 31, 2006, compared to $73.7 million in 2005. The cash generated during 2006 was primarily the result of the issuance of 1,899,600 Class A common shares resulting from the exercise of outstanding warrants and agent options issued in connection with share issuances in March 2004 and November 2005. The net cash generated from financing activities during 2005 was primarily the result of proceeds from a March 2005 private placement of 2,005,656 Class A common shares, and the shares issued in November of 2005.

Net cash used in investing activities totaled $22.1 million during the year ended December 31, 2006, compared to cash used of $12.7 million during 2005. Cash was used during 2006 for the following: (i) investment in the multi-client data library of $11.0 million ($10.9 million in 2005) (ii) investment in aircraft modifications of $6.2 million ($0.4 in 2005) (iii) investment in computer/storage equipment and software of $2.4 million ($0.4 in 2005) (iv) development of next-generation IFSAR radar acquisition systems of $1.9 million ($Nil in 2005) (v) capitalized investment in research and development and other programs of $0.4 million ($1.1 million in 2005) (vi) leasehold improvements of $0.2 million ($Nil in 2005).

The Company's cash position (cash and cash equivalents) was approximately $48.2 million at December 31, 2006, compared to $63.5 million at December 31, 2005. Current assets at December 31, 2006 were $59.7 million compared to $68.5 million at December 31, 2005. The Company's working capital decreased to $51.0 million as of December 31, 2006 from $64.7 million as of December 31, 2005. At December 31, 2006, the Company held $45.1 million in short-term investments with a maturity date of 90 days or less.

The Company's current business plan contemplates revenue growth in 2007 attributable to increases in contract services and multi-client data library sales. The Company believes that existing cash resources of $48.2 million as of December 31, 2006, and cash generated from sales will be sufficient to fund its operations through at least December 31, 2007.

In view of the Company's expected future investment in its NEXTMap® programs and the product offerings arising from such programs, the Company may seek additional equity or debt financing. There is no assurance, however, that the Company will be able to obtain such financing on terms acceptable to the Company, or at all. Any issuance of capital stock to obtain additional funding would result in dilution of existing shareholder interests in the Company. The inability to obtain additional financing when needed could have a material adverse effect on our business, financial condition and operating results and could adversely affect the Company's ability to continue building NEXTMap® databases as currently planned.

SUBSEQUENT ACQUISITION

Effective March 1, 2007, the Company acquired all of the shares and ongoing operations of a software development company based in the Czech Republic. The initial consideration payable by the Company includes $1,250 in cash and $500 of the Company's Class A common shares. In addition to the initial consideration, the Company will also pay $125 cash plus an incremental amount based on a percentage of third party customer sales or licenses of the base software technology acquired in the purchase that occurs over the five years following the date of closing. The incremental amount will be measured on an annual basis and paid yearly in cash. The acquired company has no debt or material liabilities. The Company expects the acquired company will generate approximately $1 million in revenue during 2007, and anticipates that these revenues will cover the majority of the cost of the ongoing operations. The acquisition will be accounted for in the Company's fiscal year 2007 financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue from fixed price contracts is recognized using the percentage of completion method of accounting, based on the ratio of costs incurred to estimated final costs. The utilization of percentage of completion requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Project losses are measured by the amount by which the estimated costs of the project exceed the estimated total revenue for the project.

Contracts that include elements of multi-client data library sales and either fixed price or consulting arrangements are divided into separate units of accounting based on the fair value of the undelivered element.

Multi-client Data Library

For its NEXTMap® projects, the Company uses estimates based on expected revenue, costs and asset life to determine the capitalization and amortization policies. The estimates of revenues and costs also affect the conclusions derived from our impairment analysis.

The Company maintains a multi-client data library that results from the collection and processing of digital map data. All ownership rights to this data are retained by the Company and the data is licensed to customers on a non-transferable basis. All of the direct costs of acquiring and processing the data are capitalized as an investment in the multi-client data library. These costs include overhead associated with the collection and processing of the data and the depreciation of the property and equipment used in the production of the data.

For each NEXTMap® project other than NEXTMap® Britain (see paragraph below), the capitalized costs are charged to amortization of multi-client data library in the period sales occur, based on the percentage of total estimated costs to total estimated sales, multiplied by actual sales in the period. In the event the percentage changes as a result of a change in the estimate of total costs and/or total sales, amortization is adjusted accordingly.

Any costs which remain unamortized 18 months after being capitalized are charged to amortization of multi-client data library on a monthly basis at the greater of (i) a straight-line monthly amortization charge over a period not to exceed 60 months, or (ii) the calculated charge based on sales during the period.

The total maximum amortization period of 60 months represents the minimum estimated useful life over which benefits from the data are expected to be derived. The carrying value of the multi-client data library is reviewed on a quarterly basis to assess whether there has been an impairment of value. No adjustments have been recorded against the net book value of the multi-client data library to date.

The Company acquired and processed mapping data in Great Britain on the NEXTMap® Britain program during 2001, 2002 and 2003. The Company capitalized approximately 60% of the direct costs of the project due to uncertainties associated with the Company's use of radar technology and the first-time collection and processing of data in a large contiguous area the size of Great Britain. The Company believes this capitalization policy was appropriate based on the unknown circumstances of the project. The straight-line amortization of the amounts capitalized commenced with the market release of the data and is provided for over the estimated useful life of the asset. The carrying value of the NEXTMap® Britain data is reviewed on a quarterly basis to assess whether there has been an impairment of its value. No adjustments to the recorded value of the asset have been necessary.

Cost of services expenditures that were capitalized for NEXTMap® programs totaled $10.6 million for the year ended December 31, 2006 and $6.9 million for 2005. The increase in capitalization was the result of increases in collection and processing related to the NEXTMap® USA and NEXTMap® Europe datasets, as well as costs incurred in ramping up staff and support for the two additional aircraft that were added to increase collection capabilities during 2006.

RECENT ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

Comprehensive Income, Equity & Financial Instruments - Recognition and Measurement

In April 2005, the CICA issued new Handbook Sections: Section 1530, "Comprehensive Income"; Section 3251, "Equity"; and Section 3855, "Financial Instruments-Recognition and Measurement," for annual and interim periods beginning on or after October 1, 2006. These sections will be effective for the Company's fiscal year starting January 1, 2007.

Section 1530 establishes standards for reporting comprehensive income. These standards require that an enterprise present comprehensive income and its components in a separate financial statement that is displayed with the prominence as other financial statements. Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting period in addition to the requirements of Section 1530. Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished.

The Company does not expect the adoption of this standard to have a material impact on its consolidated financial position and results of operations.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure Control Risks

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of our disclosure controls and procedures as of the date of this Management's Discussion and Analysis, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company, subject to the dislcosable weakness identified below regarding segregation of duties. However, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control Risks

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers Annual and Interim Filings." Our ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable Canadian generally accepted accounting principals (GAAP). ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets,

- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable Canadian GAAP,

- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors,

- reasonable assurance regarding prevention or timely detection of unauthorized collection, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management, including the Chief Executive Officer and Chief Financial Officer, carried out an assessment of the design of the Company's internal controls over financial reporting and concluded, subject to the inherent limitations noted above, the Company has sufficient controls to meet the requirements as stated above and that one disclosable weakness existed, as at December 31, 2006, as detailed below.

Segregation of Duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to limited resources, a complete segregation of duties within the Company's accounting group can not be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during its financial close processes in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

RISKS AND UNCERTAINTIES

The risks and uncertainties described below are not necessarily all inclusive. 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.

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 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 Company believes these new alliances will help to enable the 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 relationship. 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 the 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.

Export

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 is 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 Company'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.

Additional risk factors may be detailed in the Company's Annual Information Form, which can be found on our Website at www.intermap.com and on SEDAR at www.sedar.com.

Management's Report

The accompanying financial statements of Intermap Technologies Corporation and all the information in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

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

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

Brian L. Bullock
President & Chief Executive Officer

Richard L. Mohr
Senior Vice President & Chief Financial Officer

Auditors' Report to The Shareholders

We have audited the consolidated balance sheets of Intermap Technologies Corporation as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Ottawa, Canada

March 5, 2007

Consolidated Balance Sheets

As at December 31,	2006	2005
(In thousands of United States dollars)		
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 48,170**	$ 63,492
Amounts receivable	**8,177**	2,259
Unbilled revenue	**2,477**	2,270
Prepaid expenses	**850**	443
	59,674	68,464
Property and equipment *(note 4)*	**19,755**	13,340
Multi-client data library *(note 5)*	**32,402**	23,015
Future income taxes *(note 9)*	**23**	23
Long-term investments	**–**	281
	$ 111,854	$ 105,123
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 6,003**	$ 2,641
Current portion of deferred lease inducements	**120**	128
Deferred revenue	**1,715**	153
Income taxes payable	**30**	35
Current portion of obligations under capital lease *(note 6)*	**231**	212
Current portion of long-term debt *(note 7)*	**538**	552
	8,637	3,721
Deferred lease inducements	**468**	212
Obligations under capital lease *(note 6)*	**165**	134
Long-term debt *(note 7)*	**1,242**	1,760
Non-controlling interest	**14**	14
	10,526	5,841
Shareholders' equity:		
Share capital *(note 8)*	**122,458**	109,264
Contributed surplus *(note 8(c))*	**2,387**	2,462
Deficit	**(29,711)**	(18,638)
Cumulative translation adjustment	**6,194**	6,194
	101,328	99,282
Commitments *(note 10)*		
Subsequent event *(note 13)*		
	$ 111,854	$ 105,123

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Brian L. Bullock
Director

Donald R. Gardner
Director

Consolidated Statements of Operations and Deficit

Years ended December 31,		2006		2005
(In thousands of United States dollars, except per share information)				
REVENUE:				
Contract services	$	**15,127**	$	10,575
Multi-client data licenses		**6,711**		4,433
		21,838		15,008
OPERATING COSTS:				
Cost of services		**7,882**		5,026
Research and development		**2,746**		1,848
Sales, general and administrative		**18,953**		10,673
Depreciation of property and equipment		**3,479**		3,530
Amortization of multi-client data library		**3,139**		1,600
Write-down of long-term investment		**280**		–
		36,479		22,677
Loss before interest, income taxes and foreign exchange		**(14,641)**		(7,669)
Interest expense		**(175)**		(184)
Interest income		**2,647**		360
Gain on foreign currency translation		**1,237**		974
Loss before income taxes		**(10,932)**		(6,519)
Income tax expense (recovery) *(note 9)*				
Current		**63**		35
Future		**–**		(5)
		63		30
Net loss		**(10,995)**		(6,549)
Deficit, beginning of year		**(18,638)**		(12,089)
Redemption of Class A common shares *(note 8(b))*		**(78)**		–
Deficit, end of year	$	**(29,711)**	$	(18,638)
Basic and diluted loss per share	$	**(0.30)**	$	(0.32)
Weighted average number of Class A common shares–basic and diluted		**36,476,697**		20,192,813

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31,	2006	2005
(In thousands of United States dollars)		
Cash flows (used in) provided by:		
OPERATIONS:		
Net loss	**$ (10,995)**	$ (6,549)
Items not involving cash and cash equivalents:		
Depreciation of property and equipment	**3,479**	3,530
Amortization of multi-client data library	**3,139**	1,600
Stock compensation expense	**2,091**	661
Loss (gain) on sale of property and equipment	**30**	(8)
Write-down of long-term investment	**280**	–
Amortization of deferred lease inducements	**(161)**	(126)
Future income taxes	**–**	(5)
Change in non-cash operating working capital	**(1,613)**	(44)
	(3,750)	(941)
FINANCING:		
Proceeds from issuance of Class A common shares	**11,216**	76,531
Issuance costs	**(2)**	(4,256)
Redemption of Class A common shares	**(264)**	–
Deferred lease inducements	**409**	–
Proceeds of long-term debt	**–**	2,115
Repayment of long-term debt	**(401)**	(370)
Repayment of bank loan	**(131)**	–
Repayment of obligations under capital lease	**(275)**	(313)
	10,552	73,707
INVESTMENTS:		
Purchase of property and equipment	**(11,138)**	(1,902)
Investment in multi-client data library	**(10,986)**	(10,918)
Proceeds on sale of property and equipment	**–**	16
Proceeds on disposal of long-term investments	**–**	122
	(22,124)	(12,682)
Effect of foreign exchange on cash	**–**	(173)
(Decrease) increase in cash and cash equivalents	**(15,322)**	59,911
Cash and cash equivalents, beginning of year	**63,492**	3,581
Cash and cash equivalents, end of year	**$ 48,170**	$ 63,492
Supplemental cash flow information:		
Cash paid for interest expense	**$ 170**	$ 180
Cash paid for income taxes	**$ 65**	$ –

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of ninety days or less.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2006 and 2005
(In thousands of United States dollars, except per share information)

1. INCORPORATION:

Intermap Technologies Corporation (the "Company") is incorporated under the laws of Alberta, Canada. The Company collects data with its airborne interferometric synthetic aperture radar system, which is used to develop highly accurate low cost digital elevation maps and related products and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Intermap Technologies Inc. and Intermap Federal Services Inc. (both US corporations), Intermap Technologies GmbH (a German corporation), Intermap Technologies UK Limited (a UK corporation) and a 90% owned subsidiary, PT Exsamap Asia (an Indonesian corporation). All inter-company transactions and balances have been eliminated.

(b) Use of estimates:

Preparing financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Significant management estimates are found in the impairment of property and equipment and multi-client data library and in the final costs to complete for contracts accounted for under the percentage of completion method.

(c) Revenue recognition:

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

Revenue from multi-client data licenses is recognized upon delivery of the data to the customer.

Revenue arrangements including both multi-client data licenses and fixed price contracts are divided into separate units of accounting when the delivered item has stand-alone value to the customer and when there is objective and reliable evidence of the fair value of the undelivered item.

Billings in excess of revenue are recorded as deferred revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

(d) Property and equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed when incurred. The cost of aircraft overhauls are capitalized and depreciated over the period until the next overhaul. Depreciation is provided on the straight-line basis over the useful lives of the assets at the following annual rates:

Assets	Rate
Aircraft	10%
Mapping equipment and software	33%
Radar equipment	20%
Intellectual property	20%
Furniture and fixtures	20%
Automobile	20%
Leasehold improvements	Term of lease

Assets under development are not depreciated until available for use by the Company.

(e) Multi-client data library:

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

For each NEXTMap® project other than NEXTMap® Britain (see paragraph below), the capitalized costs are amortized in the period sales occur, based on the percentage of total estimated costs to total estimated sales, multiplied by actual sales in the period. In the event the percentage changes as a result of a change in the estimate of total costs and/or total sales, amortization is adjusted accordingly.

Any costs which remain unamortized 18 months after being capitalized are amortized on a monthly basis at the greater of (i) a straight-line monthly amortization charge over 60 months, and (ii) the calculated charge based on sales during the period.

The amortization period of 60 months represents the minimum estimated useful life over which benefits from the data are expected to be derived. The carrying value of the multi-client data library is reviewed on a quarterly basis to assess whether there has been an impairment of value. No adjustments have been recorded against the net book value of the multi-client data library to date.

The Company acquired and processed mapping data in Great Britain on the NEXTMap® Britain program during 2001 to 2003 and capitalized approximately 60% of the direct costs. The decision to capitalize only a portion of the total costs of the project was driven by uncertainties associated with the Company's use of recently updated radar technology and the first-time acquisition and processing of data in a large contiguous area the size of Great Britain. The straight-line amortization of the amounts capitalized commenced with the market release of the data and is provided for over 60 months, which was determined to be the estimated useful life of the asset. The carrying value of the NEXTMap® Britain data is reviewed on a quarterly basis to assess whether there has been an impairment of value. No adjustments have been recorded against the net book value of NEXTMap® Britain to date.

(f) Leases:

Leases are classified as either capital or operating in nature. Capital leases are those which substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital leases are depreciated at the same rates as those described in note 2(d). Obligations recorded under capital lease are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

(g) Deferred lease inducements:

Deferred lease inducements represent the unamortized cost of lease inducements. Amortization is provided on the straight-line basis over the term of the lease.

(h) Foreign currency translation:

Integrated foreign operations and foreign denominated assets and liabilities of the Company are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the prevailing rates of exchange, non-monetary assets and liabilities are translated at historic exchange rates and revenue and expense items are translated at prevailing average exchange rates during the year. Exchange gains and losses are included in the statement of operations.

See note 3 regarding change in reporting and measurement currency.

(i) Long-term investments:

Long-term investments are recorded at cost and represent investments in privately held companies over which the Company exercises no control or significant influence. These investments are written down to their estimated realizable value when there is an other than temporary decline in the value of the investment.

(j) Income taxes:

Income taxes are accounted for under the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

(k) Impairment of long-lived assets:

Long-lived assets, including property and equipment and multi-client data library are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

(l) Research and development:

Research costs are expensed as incurred. Development costs are expensed in the year incurred unless management believes a development project meets the generally accepted accounting criteria for deferral and amortization. Funding received in respect of research and development agreements is recorded as a reduction of research and development expenses.

(m) Stock compensation expense:

The Company has a stock-based compensation plan, which is described in note 8(e). The Company accounts for all stock-based awards to employees and non-employees using the fair value based method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instrument issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Upon exercise of a stock option, share capital is recorded as the sum of the proceeds received and the related amount of contributed surplus.

(n) Earnings per share:

Basic earnings per share is computed by dividing net earnings (loss) by the weighted average shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings per share except the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares for stock options and warrants is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

3. CHANGES IN CURRENCY:

(a) Change in reporting currency:

The Company has historically prepared its consolidated financial statements in Canadian dollars. As a result of the continued expansion of the Company's U.S. operations, a significant and growing U.S. customer base, and because the majority of its revenue and assets are denominated in U.S. dollars, the Company elected to adopt the U.S. dollar as its reporting currency effective January 1, 2005. In making this change in reporting currency, the Company followed the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"), set out in EIC-130, "Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency".

Based on EIC-130, the financial statements for all periods presented prior to September 30, 2005 have been translated into the new reporting currency using the current rate method. Under this method, the statements of operations and cash flow for each period have been translated into the reporting currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the consolidated balance sheet dates. Shareholders equity has been translated using the rates of exchange in effect as of the dates of the various capital transactions. All exchange differences resulting from the translation are included in the cumulative translation adjustment in shareholders' equity. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in U.S. dollars.

(b) Change in measurement currency:

In November 2005, the Company closed a significant round of financing (note 8(b)) which changed the primary economic environment in which the entity operates. As a result, the Company changed its measurement currency effective October 1, 2005 from Canadian dollars to United States dollars.

In making this change in measurement currency, the Company followed the recommendations of CICA 1650- "Foreign Currency Translation". Based on CICA 1650, the financial statements as of October 1, 2005 were translated into the new measurement currency using the current rate method as described above.

4. PROPERTY AND EQUIPMENT:

December 31, 2006	Cost	Accumulated depreciation	Net book value
Aircraft	**$ 8,265**	**$ 4,017**	**$ 4,248**
Mapping equipment and software	**16,694**	**12,883**	**3,811**
Radar equipment	**11,993**	**7,169**	**4,824**
Intellectual property	**500**	**443**	**57**
Furniture and fixtures	**410**	**333**	**77**
Automobile	**19**	**14**	**5**
Leasehold improvements	**770**	**459**	**311**
Assets under development:			
Mapping equipment and software	**294**	**–**	**294**
Radar equipment	**950**	**–**	**950**
Aircraft	**4,601**	**–**	**4,601**
Assets held under capital leases:			
Mapping equipment and software	**1,000**	**423**	**577**
	$ 45,496	**$ 25,741**	**$ 19,755**

December 31, 2005	Cost	Accumulated depreciation	Net book value
Aircraft	$ 6,042	$ 3,358	$ 2,684
Mapping equipment and software	13,948	10,804	3,144
Radar equipment	11,563	5,305	6,258
Intellectual property	500	443	57
Furniture and fixtures	432	293	139
Automobile	19	11	8
Leasehold improvements	708	373	335
Assets under development:			
Mapping equipment and software	358	–	358
Assets held under capital leases:			
Mapping equipment and software	675	318	357
	$ 34,245	$ 20,905	$ 13,340

During the year, property and equipment was acquired at an aggregate cost of $11,138 (2005 - $1,902). In addition, $325 (2005 - $Nil) of property and equipment was acquired by means of capital leases.

During 2006, the Company disposed of obsolete equipment and terminated two facility leases. As a result, the Company disposed of leasehold improvements and furniture with a cost of $212, and a net book value of $30.

5. MULTI-CLIENT DATA LIBRARY:

	December 31, 2006	December 31, 2005
Cost:		
Balance, beginning of year	**$ 28,255**	$ 15,999
Add:		
Direct costs	**10,986**	10,918
Capitalized depreciation	**1,540**	1,338
Balance, end of year	**40,781**	28,255
Accumulated amortization	**(8,379)**	(5,240)
	$ 32,402	$ 23,015

6. OBLIGATIONS UNDER CAPITAL LEASE:

Future minimum capital lease payments as at December 31 are:

	2006	2005
Twelve months ended December 31:		
2006	**$ –**	$ 231
2007	**257**	137
2008	**120**	–
2009	**60**	–
Total minimum lease payments	**437**	368
Less amount representing interest (at rates ranging from approximately 7.4% to 9.8%)	**41**	22
Present value of minimum lease payments	**396**	346
Less current portion of obligations under capital lease	**231**	212
	$ 165	$ 134

7. LONG-TERM DEBT:

	December 31, 2006	December 31, 2005
Bank term loans (a)	**$ 333**	$ 664
Term loan (b)	**1,447**	1,648
	1,780	2,312
Less current portion	**538**	552
	$ 1,242	$ 1,760

(a) In October 2002, the Company obtained a term loan from a Canadian bank in the amount of $1,000. The loan is repayable in monthly installments of $17 over a term of 60 months maturing on October 11, 2007. The loan bears interest at the bank's base rate plus 1.75% and is secured by a general security agreement. An aircraft owned by the Company is listed as collateral under the general security agreement. As of December 31, 2006 and 2005, $167 and $367, respectively, were outstanding on the loan.

In January 2005, the Company obtained a term loan from a U.S. bank in the amount of $400. The loan is repayable in monthly installments of $12 over a term of 36 months maturing on January 31, 2008. The loan bears interest at a rate of 7.5% and is secured by computer equipment and software. As of December 31, 2006 and 2005, $166 and $297, respectively, were outstanding on the loan.

(b) In August 2005, the Company obtained a term loan from a Canadian financing company in the amount of $1,715. The loan is repayable in monthly installments of principal and interest of $25 over a term of 60 months maturing on August 9, 2010, at which point the remaining balance of $578 is due. The loan bears interest at a rate of 6.12% and is secured by a general security agreement.

Principal repayments of long-term debt are due as follows:

2007	$ 537
2008	244
2009	247
2010	752
	$ 1,780

8. SHARE CAPITAL:

(a) Authorized:

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

(b) Issued:

	December 31, 2006		December 31, 2005	
Class A common shares	**Number of Shares**	Amount	Number of Shares	Amount
Balance, beginning of year	**34,696,137**	$ 109,264	15,945,325	$ 37,672
Exercise of options	**213,250**	2,827	70,334	101
Stock compensation	**15,515**	85	60,273	180
Issuance of shares for cash	**–**	–	18,335,656	75,192
Exercise of warrants and compensation options	**2,125,250**	10,466	284,549	1,238
Issuance costs	**–**	(2)	–	(5,119)
Redemption of shares	**(55,000)**	(182)	–	–
Balance, end of year	**36,995,152**	$ 122,458	34,696,137	$ 109,264

On July 7, 2006, 15,515 Class A common shares were issued to directors as compensation for services, following Toronto Stock Exchange (TSX) approval and pursuant to shareholder approval in May 2006. Compensation expense for these Class A common shares has been included in sales, general and administration expenses.

On November 3, 2005, the Company completed a fully subscribed share issuance of 16,330,000 Class A common shares for total consideration of $67,702. Each Class A common share had a purchase price of $4.90 CDN.

In connection with the November 3, 2005 share issuance, the Company issued a compensation option to its agents, entitling them to purchase an aggregate of 489,900 Class A common shares, at a price of $4.90 CDN per Class A common share, at any time for a period of eighteen months following the closing of the offering. The Company recorded issuance costs related to these awards based on the fair value of the award at the date of the closing. The Company also paid the agents a cash commission equal to 5% ($3,385 US) of the gross proceeds of the November 3, 2005 offering.

On July 15, 2005, 60,273 Class A common shares were issued to directors as compensation for services, following Toronto Stock Exchange (TSX) approval and pursuant to shareholder approval in May 2005. Compensation expense for these Class A common shares has been included in sales, general and administration expenses.

On March 17, 2005, the Company reported the completion of a private placement resulting in the issuance of 2,005,656 Units for aggregate consideration of $7,490. Each Unit had a purchase price of $4.50 CDN and consisted of one Class A common share of the Company and one Class A common share purchase warrant, which expire on March 17, 2008. An additional 50,000 Class A common share purchase warrants were issued to an arm's length third party for services rendered in connection with the transaction, and expire on March 17, 2007. The Company recorded securities issuance costs related to these awards based on the fair value of the award at the date of the closing. The securities issued in connection with the private placement are restricted from resale.

On May 16, 2003, a resolution was passed which authorized the directors to provide a compensation arrangement to Brian L. Bullock, the Company's president and CEO, whereby the Company would issue 250,000 Class A common shares on August 31, 2007 upon the fulfillment of specified conditions contained in an escrow agreement. The shares had a market value of $3.40 CDN per share at May 16, 2003. On June 30, 2006, in consideration for Mr. Bullock signing a five year employment contract extension, the Company released from escrow 175,000 shares of the 250,000 Class A common shares held by Mr. Bullock. Due to the modification of the original agreement, the Company recorded additional compensation expense of $266 during the period ended June 30, 2006. Simultaneous to the release of the shares from escrow, the Company redeemed 55,000 of the Class A common shares from Mr. Bullock to cover his personal tax obligations associated with the transaction. The Company recorded the purchase of these shares on June 30, 2006 as a stock redemption at the fair value of $264. The Company recorded the redemption of these shares as a reduction of $182 to share capital, representing the average paid-in amount prior to the redemption, with the balance being recorded as a reduction of $4 to contributed surplus, and $78 to deficit. The Company cancelled the 55,000 shares in July 2006.

(c) Contributed surplus:

	December 31, 2006	December 31, 2005
Balance, beginning of year	**$ 2,462**	$ 1,085
Stock compensation related to stock option and warrant grants	**1,915**	514
Non-cash securities issuance costs (note 8(b))	**–**	863
Stock options and warrants exercised	**(1,990)**	–
Balance, end of year	**$ 2,387**	$ 2,462

(d) Loss per share:

The calculation of the loss per share is based upon the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they have not been included in the calculation of diluted earnings per share.

(e) Stock option plan:

The Company established a stock option plan to provide long-term incentives to attract motivate and retain certain key employees, officers and directors and consultants providing services to the Company. The plan permitted the granting of options to purchase up to a maximum of 1,587,183 Class A common shares. On May 9, 2006, the plan was amended to permit the granting of options to purchase up to a maximum of 3,650,000 Class A common shares. Under the plan, no one individual shall be granted an option which exceeds 5% of the issued and outstanding Class A common shares of the Company. In addition, the exercise price of each option shall not be less than the market price of the Company's stock on the date of grant. The options are exercisable for a period of not greater that 6 years, and generally vest over a period of three or four years with the first vesting occurring on the one year anniversary of the date of the grant. Directors' options generally vest on the date of the grant and expire on the fifth anniversary of the date of the grant. As of December 31, 2006, there are 838,628 shares available for issuance under the plan.

A summary of the status of the plan is as follows:

	December 31, 2006		December 31, 2005	
	Number of shares under option	**Weighted average exercise price (Cdn)**	Number of shares under option	Weighted average exercise price (Cdn)
Options outstanding, beginning of year	**1,021,372**	**$ 3.88**	795,706	$ 3.67
Granted	**1,797,000**	**6.26**	322,000	3.97
Exercised	**(213,250)**	**3.92**	(70,334)	1.78
Expired	**(7,000)**	**4.04**	(26,000)	4.05
Options outstanding, end of year	**2,598,122**	**$ 5.52**	1,021,372	$ 3.88
Options exercisable, end of year	**627,620**	**$ 4.29**	463,632	$ 3.82

The following table summarizes information regarding stock options outstanding at December 31, 2006:

Exercise Price (Cdn)	Options outstanding	Weighted average remaining contractual life	Options exercisable
3.00	40,000	0.83 years	40,000
3.40	115,000	0.33 years	115,000
3.55	20,000	2.67 years	6,666
3.70	62,122	1.83 years	50,288
4.00	337,000	2.26 years	139,000
4.15	227,000	1.17 years	151,333
5.05	10,000	3.00 years	–
5.15	10,000	2.92 years	3,333
5.60	60,000	5.33 years	–
6.30	1,717,000	5.33 years	122,000
	2,598,122	4.16 years	627,620

The per share weighted-average fair value of the options granted during the year ended December 31, 2006 was $3.57 (2005 - $3.97) on the date of grant, determined using the Black-Scholes options pricing model with the following assumptions: expected dividend yield 0% (2005 - 0%), risk-free interest rates of 3.85% to 4.05% (2005 - 3.16% to 3.60%), volatilities of 54.2% to 56.9% (2005 - 53.3% to 59.8%) and an expected life of 4 to 6 years (2005 - 2-4 years).

Non-cash compensation expense has been included in sales, general and administrative expenses with respect to stock options and restricted stock granted to employees and non-employees as follows:

	2006	2005
Non-cash compensation	**$ 2,091**	$ 661

(f) Class A common share purchase warrants:

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

	December 31, 2006	December 31, 2005
Balance, beginning of year	**4,878,365**	2,617,358
Issued	**25,000**	2,545,556
Exercised	**(2,125,250)**	(284,549)
Expired	**(365,709)**	–
Balance, end of year	**2,412,406**	4,878,365

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from $3.10 CDN to $6.30 CDN, with a weighted average exercise price of $5.23 CDN. The warrants expire between March 17, 2007 and March 11, 2011.

9. INCOME TAXES:

Future income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences that give rise to significant portions of the future tax asset and future tax liability at December 31, 2006 and 2005, are as follows:

	2006	2005
Future tax asset:		
Tax effect of loss carryforwards	**$ 11,713**	$ 8,725
Tax effect of amounts deductible for tax purposes in excess of amounts deductible for accounting purposes	**1,356**	1,511
Tax effect of unrealized foreign exchange losses	**1,159**	1,942
Tax effect of scientific research expenditures	**1,270**	1,069
Other	**23**	23
Total gross future tax asset	**15,521**	13,270
Less valuation allowance	**(12,764)**	(10,707)
Net future tax asset	**2,757**	2,563
Future tax liability:		
Tax effect of amounts deductible for accounting purposes in excess of amounts deductible for tax	**(2,734)**	(2,540)
Total gross future tax liability	**(2,734)**	(2,540)
Net future tax asset	**$ 23**	$ 23

The differences in the amounts deductible for tax and accounting purposes relate primarily to differences in the values of property and equipment on these bases.

A valuation allowance is provided when it is more likely than not that some or all of the future tax asset will not be realized. The Company has established a valuation allowance for the future tax asset due to the uncertainty of future Company earnings.

At December 31, 2006, approximately $32,129 of loss carry forwards and $1,120 of tax credits were available in various tax jurisdictions. A summary of losses by year of expiry is as follows:

2009	$ 354
2014	1,598
2015	2,294
2018	3,135
2020-2026	23,321
Indefinite	1,427
	$ 32,129

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

	2006	2005
Tax rate	**35.6%**	35.6%
Expected Canadian income tax recovery	**$ (3,892)**	$ (2,321)
Decrease resulting from:		
Change in valuation allowance	**2,057**	4,146
Change in Canadian statutory rate	**581**	41
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries	**147**	71
Security issuance costs charged to equity	**–**	(1,542)
Non-deductible expenses	**820**	387
Foreign exchange	**194**	(117)
Other	**156**	(635)
	$ 63	$ 30

10. COMMITMENTS:

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

2007	$ 1,399
2008	1,023
2009	839
2010	533
2011	102
	$ 3,896

11. SEGMENTED INFORMATION:

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

Geographic segments of revenue are as follows:

	Contract Services Year ended December 31, 2006	**Data Licenses Year ended December 31, 2006**	Contract Services Year ended December 31, 2005	Data Licenses Year ended December 31, 2005
Canada	**$ 221**	**$ –**	$ 76	$ –
United States of America	**3,971**	**5,524**	8,356	1,791
Asia/Pacific	**7,633**	**211**	2,050	1,391
Europe	**2,651**	**976**	93	1,251
South America	**651**	**–**	–	–
	$ 15,127	**$ 6,711**	$ 10,575	$ 4,433

Property and equipment of the Company are located as follows:

December 31,	**2006**	2005
Canada	**$ 4,563**	$ 4,585
United States of America	**14,382**	7,955
Asia/Pacific	**516**	339
Europe	**294**	461
	$ 19,755	$ 13,340

The multi-client data library is located in the United States of America.

Sales to significant customers are as follows:

	2006	2005
Customer A	**$ 8,925**	$ 6,054
Customer B	**2,511**	–
Customer C	**1,166**	1,920
Customer D	**–**	2,501
Customer E	**1,509**	1,523
	$ 14,111	$ 11,998

12. FINANCIAL INSTRUMENTS:

(a) Concentrations of credit risk:

The Company is exposed to credit related losses on sales to customers outside North America due to potentially higher risks of enforceability and collectibility. The Company seeks to reduce its credit exposure by securing credit and political risk insurance, where available and when deemed appropriate.

(b) Carrying values

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value given the relatively short periods to maturity.

The fair value of the obligations under capital lease range from $401 to $385 based on discounted cash flow analysis using interest rates ranging from 10% to 15%, which represent current market rates of interest to the Company for the same or similar instruments.

The carrying value of long-term debt approximates its fair value as current market rates available to the Company are similar to those on the long-term debt.

(c) Foreign currency risk

A substantial portion of the company's sales and purchases are denominated in foreign currencies. The resulting fluctuations in the exchange rates between these currencies and the U.S. dollar have an immediate impact on the Company's cash flows. Although management monitors exposure to such fluctuations, it does not employ any hedging strategies.

13. SUBSEQUENT EVENT:

Effective March 1, 2007, the Company acquired all of the shares and ongoing operations of a software development company based in the Czech Republic. The initial consideration payable by the Company includes $1,250 in cash and $500 of the Company's Class A common shares. In addition to the initial consideration, the Company will also pay $125 cash plus an incremental amount based on a percentage of third party customer sales or licenses of the base software technology acquired in the purchase that occurs over the five years following the date of closing. The incremental amount will be measured on an annual basis and paid yearly in cash. The acquisition will be accounted for in the Company's fiscal year 2007 financial statements.

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Stock Exchange

Intermap stock is listed on the Toronto Stock Exchange under the symbol "IMP" and on the London Stock Exchange's AIM market under the symbol "IMAP."

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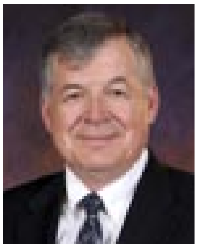

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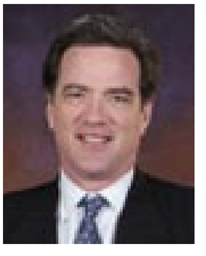

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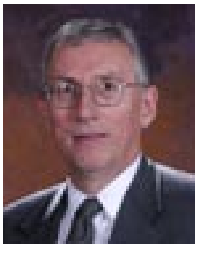

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