



Condensed Consolidated Interim Financial Statements of

**INTERMAP TECHNOLOGIES
CORPORATION**

Third Quarter Ended September 30, 2019

NOTICE: The condensed consolidated interim financial statements and notes thereto for the three and nine months ended September 30, 2019 have not been reviewed by the Company's external auditors.

Management's Discussion and Analysis

For the quarter ended September 30, 2019

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 November 14, 2019 and should be read together with the Company's unaudited Condensed Consolidated Interim Financial Statements and the accompanying notes for the three and nine months ended September 30, 2019 and the audited Consolidated Financial Statements as at and for the years ended December 31, 2018 and 2017, together with the accompanying notes. The results reported herein have been prepared in accordance with International Financial Reporting Standards (IFRS) and, unless otherwise noted, are expressed in United States dollars.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

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

FORWARD-LOOKING STATEMENTS

In the interest of providing the shareholders and potential investors of Intermap Technologies Corporation ("Intermap" or the "Company") with information about the Company and its subsidiaries, including management's assessment of Intermap's and its subsidiaries' future plans, operations and financing alternatives, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", and similar expressions suggesting future outcomes, and includes statements that actions, events, or conditions "may," "would," "could," or "will" be taken or occur in the future. These forward-looking statements may be based on assumptions that the Company believes to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking

statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking information contained in this MD&A is based on certain assumptions and analysis by management of the Company in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate.

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

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

BUSINESS OVERVIEW

Intermap is a global geospatial information company, creating a wide variety of geospatial solutions and analytics for its customers. Intermap is a premier worldwide provider of geospatial data solutions.

Intermap currently generates revenue from three primary business activities, composed of i) data acquisition and collection, using proprietary radar sensor technologies, ii) value-added data products and services, which leverage the Company's proprietary NEXTMap® database, together with proprietary software and fusion technologies, and iii) commercial applications and solutions, including a webstore and software sales targeting selected industry verticals that rely on accurate high resolution elevation data.

These geospatial solutions are used in a wide range of applications including, but not limited to, location-based information, risk assessment, geographic information systems (GIS), engineering, utilities, global positioning systems (GPS) maps, oil and gas, renewable energy, hydrology, environmental planning, land management, wireless communications, transportation, advertising, and 3D visualization.

Intermap has the ability to create its own digital 3D geospatial data using its proprietary multi-frequency radar mounted in Learjet aircraft. Intermap's radar-based technology allows it to collect data at any time of the day, including under conditions such as cloud and tree cover, or darkness, which are conditions that limit most competitive technologies. The Company's proprietary radar also enables data to be collected over larger areas, at higher collection speeds, and at accuracy levels that are difficult to achieve with competitive technologies.

In addition to data collection, the Company is a world leader in data fusion, analytics, and orthorectification, and has decades of experience aggregating data derived from a number of different sensor technologies and data sources. The Company processes raw digital elevation and image data from its own and other sources to create three high resolution geospatial datasets that provide a ground-true foundation layer upon which accurate value-added products and services can be developed. The three high resolution data sets include digital surface models (DSM), digital terrain models (DTM), and orthorectified radar images (ORI). These datasets are further augmented with additional elevation and resolution data layers and served to customers by web service to create other value-added products, such as viewsheds, line of sight maps, and orthorectified mosaic tiles.

Unlike many geospatial companies, because of its unique acquisition and processing capability, Intermap retains exclusive ownership of its high resolution NEXTMap® database, which covers the entire globe. Intermap's NEXTMap database, together with third party data and our in-house analytics team, provide a variety of applications and geospatial solutions for its customers. The NEXTMap database contains a fusion of proprietary multi-frequency radar imagery and data, including unique Interferometric Synthetic Aperture Radar (IFSAR)-derived data, proprietary data models, and purchased third-party data, collected from multiple commodity sensor technologies, such as light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources.

The NEXTMap database also includes proprietary information developed by our analytical teams such as 3D city models, census data, real-time traffic, 3D road vectors, outdoor advertising assets, weather related hazards, points of interest, cellular towers, flood models and wildfire models.

The Company generates revenue by licensing its geospatial products using its proprietary data, analytics, and applications for specific industries.

FINANCIAL INFORMATION

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

Selected Annual Information

U.S. \$ millions, except per share data	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenue:				
Acquisition services	\$ 3.5	\$ 2.9	\$ 4.7	\$ 7.6
Value-added data	0.1	0.3	0.6	2.3
Software and solutions	0.6	0.5	1.7	1.7
Total revenue	\$ 4.2	\$ 3.7	\$ 7.0	\$ 11.6
Operating (loss) income	\$ 0.6	\$ (0.5)	\$ (3.1)	\$ (0.2)
Financing costs	\$ (0.7)	\$ (0.6)	\$ (2.1)	\$ (1.9)
Net loss	\$ (0.1)	\$ (1.2)	\$ (5.2)	\$ (2.2)
EPS basic and diluted	\$ -	\$ (0.07)	\$ (0.31)	\$ (0.13)
Adjusted EBITDA	\$ 1.1	\$ 0.4	\$ (1.5)	\$ 1.7

	September 30, 2019	September 30, 2018
Assets:		
Cash, trade receivables, unbilled revenue	\$ 2.7	\$ 4.0
Total assets	\$ 8.4	\$ 9.0
Liabilities:		
Long-term liabilities (including finance lease obligations)	\$ 0.2	\$ 28.7
Total liabilities	\$ 38.1	\$ 32.8

Revenue

Quarterly Revenue

Consolidated revenue for the quarter ended September 30, 2019 totaled \$4.2 million, compared to \$3.7 million for the same period in 2018. Approximately 25% of consolidated revenue was generated outside the United States, compared to 12% for 2018.

Acquisition services revenue for the quarter ended September 30, 2019 totaled \$3.5 million, compared to \$2.9 million for the same period in 2018. The increase is due to the start of a project in Southeast Asia in 2019 in addition to the execution a U.S. Government contract during the third quarter of 2019.

Value-added data revenue for the quarter ended September 30, 2019 was \$0.1 million, compared to \$0.3 million for the same period in 2018.

Software and solutions revenue increased to \$0.6 million from \$0.5 million for the quarter ended September 30, 2019 and 2018, respectively. The Company recognized a 14% increase in subscription-based revenue, which was offset by the intentional cancellation of customers using our products in competing markets.

Year-to-date Revenue

On a year-to-date basis, consolidated revenue decreased from \$11.6 million during the nine months ended September 30, 2018 to \$7.0 million during the same period in 2019. Approximately 29% of consolidated revenue was generated outside the United States, compared to 24% for 2018.

Acquisition services revenue for the nine-month period ended September 30, 2019 totaled \$4.7 million, compared to \$7.6 million for the same period in 2018. The decrease is due to the timing of the execution of a U.S. Government contract which closed in the first quarter of each year, but the project milestones which drive the revenue recognition did not start until later in the second quarter of 2019 compared to 2018.

Value-added data revenue for the nine-months ended September 30, 2019 was \$0.6 million, a decrease from the same period in 2018 which was \$2.3 million. The decrease is due to the completion of a multi-year contract with an Asian Pacific government customer which concluded in the second quarter of 2018, without a similar size opportunity during 2019. The Company is currently pursuing similar activities in the region, which if successful, will benefit from processes and automation developed during the prior contract.

Software and solutions revenue remained flat at \$1.7 million for the nine-month period ended September 30, 2019 and 2018. The Company recognized a 25% increase in subscription-based revenue, which was offset by the intentional cancellation of contracts with competing products.

Classification of Operating Costs

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

U.S. \$ millions	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Personnel	\$ 1.6	\$ 1.8	\$ 4.6	\$ 6.1
Purchased services & materials	1.2	1.1	3.1	2.8
Facilities and other expenses	0.3	0.3	0.7	1.0
Travel	0.1	0.1	0.2	0.4
	\$ 3.2	\$ 3.3	\$ 8.6	\$ 10.3

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. Personnel expense for the quarters ended September 30, 2019 and 2018, totaled \$1.6 million and \$1.8 million, respectively. For the nine-month periods ended September 30, 2019 and 2018, personnel expense was \$4.6 million and \$6.1 million, respectively. The 24% year-over-year decrease in personnel expense is primarily due to personnel restructuring activities that occurred during the second half of 2018.

As of September 30, 2019, 48% of the headcount relates to software and data development, 25% is in the Jakarta Processing Center, 14% relates to sales and marketing and 13% is corporate services.

Non-cash compensation expense is included in operating costs and relates to the Company's omnibus incentive plan, share options, and shares granted to employees and non-employees. Non-cash share-based compensation for the quarters ended September 30, 2019 and 2018, decreased to \$13 thousand from \$47 thousand, respectively. For the nine-month periods ended September 30, 2019 and 2018, non-cash compensation expense was \$69 thousand and \$386 thousand, respectively.

Purchased Services and Materials

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

For the quarters ended September 30, 2019 and 2018, PS&M expense was \$1.2 million and \$1.1 million, respectively. The increase was due to increased expenses on acquisition projects. For the nine-month periods ended September 30, 2019 and 2018, PS&M expense was \$3.1 million and \$2.8, respectively. The increase was partially due to the reversal of some excess vendor payables and accruals during the first six months of 2018 that were expensed in prior years.

Facilities and Other Expenses

For the quarters ended September 30, 2019 and 2018, facilities and other expenses were \$0.3 million for both periods. For the nine-month periods ended September 30, 2019 and 2018, facilities and other expenses were \$0.7 million and \$1.0 million, respectively. The decrease is due to the adoption of IFRS 16 during 2019, and the change in accounting for operating leases (see Note 3(a) of the condensed consolidated interim financial statements).

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is not a recognized performance measure under IFRS. The term EBITDA consists of net income (loss) and excludes interest (financing costs), taxes, and depreciation. Adjusted EBITDA also excludes share-based compensation, change in fair value of derivative instruments, restructuring costs and related non-recurring payments supporting the corporate restructuring, and gain or loss on foreign currency translation. Adjusted EBITDA is included as a supplemental disclosure because Management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges or gains that are nonrecurring. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is net income (loss). The following is a reconciliation of the Company's net loss to Adjusted EBITDA.

U.S. \$ millions	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Net loss	\$ (0.1)	\$ (1.2)	\$ (5.2)	\$ (2.2)
Financing costs	0.7	0.6	2.1	1.9
Depreciation of property and equipment	0.2	0.4	0.8	1.0
Depreciation of right of use assets	0.2	-	0.4	-
EBITDA	\$ 1.0	\$ (0.2)	\$ (1.9)	\$ 0.7
Share-based compensation	0.1	-	0.1	0.4
Restructuring costs	-	0.5	0.3	0.5
Loss on foreign currency translation	-	0.1	-	0.1
Adjusted EBITDA	\$ 1.1	\$ 0.4	\$ (1.5)	\$ 1.7

Adjusted EBITDA for the quarter ended September 30, 2019 was positive \$1.1 million, compared to positive \$0.4 million for the same period in 2018. Adjusted EBITDA for the nine-month period ended September 30, 2019 was negative \$1.5 million, compared to positive \$1.7 million for the same period in 2018. The decrease in adjusted EBITDA is primarily attributable to a decrease in revenue.

Financing Costs

Financing costs for the quarter ended September 30, 2019 totaled \$0.7 million (nine-month period \$2.1 million) compared to \$0.6 million (nine-month period \$1.9 million) for the same period in 2018. Financing costs are non-cash and relate mostly to the accretion of the notes payable interest using the effective interest method. The notes mature on September 1, 2020. In addition, the Company adopted IFRS 16 starting January 1, 2019, in which a portion of the lease payments are recorded to financing costs, which were previously recorded to operating expense under IAS 17 (See Note 3(a) of the condensed consolidated interim financial statements). During the third quarter of 2019, the Company recognized \$12 thousand (nine-month period \$44 thousand) in financing costs related to the adoption of IFRS 16.

Depreciation of Property and Equipment

Depreciation expense for property and equipment for the quarters ended September 30, 2019 and 2018 were \$0.2 million and \$0.4 million, respectively. Depreciation expense for property and equipment for the nine-months ended September 30, 2019 and 2018 were \$0.8 million and \$1.0 million, respectively.

Depreciation of Right of Use Assets

With the implementation of IFRS 16 on January 1, 2019, the Company recognized \$0.2 million of depreciation expense for right of use assets for the quarter ended September 30, 2019 (nine-month period \$0.4 million) (see Note 3(a) of the condensed consolidated interim financial statements).

Gain (Loss) on Foreign Currency Translation

The Company continuously monitors the level of foreign currency assets and liabilities carried on its consolidated balance sheet in an effort to minimize as much of the foreign currency translation exposure as possible. The difference between any amounts incurred in one currency and settled in a different currency is recognized as a gain or loss in the period it is settled.

During the quarter ended September 30, 2019, a foreign currency translation gain of \$13 thousand (nine-month period \$48 thousand loss) was recorded, compared to a loss of \$35 thousand (nine-month period \$68 thousand) for the same period in 2018.

Trade Receivables and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified contract milestones. Revenue on certain of these acquisition services contracts is recognized using the percentage-of-completion method of accounting based on the ratio of costs incurred to date over the estimated total costs to complete the contract. While an effort is made to align payments on contracts with work performed, the completion of milestones does not always coincide with the costs incurred on a contract, resulting in revenue being recognized in excess of billings. These amounts are recorded in the consolidated balance sheets as unbilled revenue.

Trade receivables and unbilled revenue decreased from \$3.6 million at December 31, 2018, to \$2.1 million at September 30, 2019. The decrease is due to the timing of billings and cash receipts. The Company reviews the trade receivables aging monthly and monitors the payment status of each invoice. The Company also communicates with slow paying or delinquent customers on a regular basis regarding the schedule of future payments. At the balance sheet date, \$Nil has been reserved as uncollectible as all trade receivable balances greater than 90 days are considered to be collectible.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals and personnel-related costs. Accounts payable and accrued liabilities increased to \$3.6 million at September 30, 2019, from \$2.8 million at December 31, 2018.

U.S. \$ millions	September 30, 2019		December 31, 2018	
Accounts payable	\$	1.6	\$	1.1
Accrued liabilities		2.0		1.7
	\$	3.6	\$	2.8

Notes Payable

The increase in the notes payable balance from December 31, 2018 of \$29.1 million to \$31.1 million at September 30, 2019 is purely due to the accretion of the non-cash interest on the two notes outstanding.

The notes payable balance reflects the debt restructuring that occurred during the fourth quarter of 2016 and the first quarter of 2017 plus interest as follows:

- During the fourth quarter of 2016, the Company restructured the outstanding notes (July 8, 2016 note for \$2.0 million and September 15, 2016 note for \$25.8 million), which resulted in the extension of the maturity date to September 1, 2020 and the elimination of the interest. The restructuring also included the elimination of a 17.5% royalty agreement. The note is secured by a first priority lien on all the assets of the Company. The fair value of the notes at December 31, 2017 reflected in the balance sheet is \$24.0 million and is subject to prepayment

provisions if the Company builds excess cash; if the Company's aggregate cash and cash equivalents balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be applied to reduce debt against the outstanding notes payable.

- During the first quarter of 2017, \$2.9 million of proceeds from a Rights Offering was used to partially repay a \$6.0 million Bridge Loan, received on December 14, 2016. The balance of the Bridge Loan was converted into a non-interest bearing note payable due September 1, 2020. The fair value of the note payable at December 31, 2017 was \$2.5 million, following the recognition of a \$0.7 million gain on the modification of the Bridge Loan, which was credited to contributed surplus. Additionally, the note is secured by a first priority lien on all assets of the Company and is subject to the same prepayment provisions as the Company's other debt, should the Company build excess cash; if the Company's aggregate cash and cash equivalents balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be pre-paid against the outstanding notes payable.

During the second quarter of 2019, the Company entered into a definitive agreement with Vertex One Asset Management (Vertex), the Company's only first lien secured creditor, subject to obtaining new financing and shareholder approval, to exchange the notes payable described above for newly created perpetual preferred shares.

The Agreement sets forth the terms on which Vertex will release its liens on the assets of the Company and convert the notes payable to preferred shares to facilitate new financing arrangements for the Company and is described in Note 7(a)(iv) of the condensed consolidated interim financial statements.

Project Financing

The project financing balance at September 30, 2019 was \$1.6 million, the same as December 31, 2018.

Unearned Revenue and Deposits

The unearned revenue balance at September 30, 2019 increased to \$1.2 million from \$0.6 million at December 31, 2018. This balance consists of payments received from customers for contracts that are in progress and have not yet fulfilled the necessary revenue recognition criteria. At September 30, 2019 and December 31, 2018, 56% and 83% of the total balance, respectively, is related to software and solutions license revenue, in which the license fee is paid upfront for the term of the license. The balance relates to the collection of milestone billings on acquisition services contracts.

QUARTERLY FINANCIAL INFORMATION

Selected Quarterly Information

The following table sets forth selected quarterly financial information for Intermap's eight most recent fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature that are, in the opinion of management, necessary to present a fair statement of Intermap's consolidated results of operations for the periods presented. Quarter-to-quarter

comparisons of Intermap's financial results are not necessarily meaningful and should not be relied on as an indication of future performance.

For the last eight quarters, the Company has been operating severely undercapitalized and been required to self-finance the advancement of high-growth opportunities in the insurance, aviation and telecommunications verticals. As a result, the impact on gross revenue has been delayed. Management believes an improved capital structure will provide much needed investment in revenue growth.

U.S. \$ millions, except per share data	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total revenue	\$ 5.9	\$ 3.4	\$ 4.5	\$ 3.7	\$ 4.2	\$ 0.8	\$ 1.9	\$ 4.2
Depreciation	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.2
Financing costs	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.6	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.7
Operating income (loss)	\$ 1.2	\$ -	\$ 0.3	\$ (0.5)	\$ 0.1	\$ (2.2)	\$ (1.5)	\$ 0.6
Net income (loss)	\$ 0.5	\$ (0.6)	\$ (0.4)	\$ (1.2)	\$ (0.6)	\$ (2.9)	\$ (2.2)	\$ (0.1)
Net income (loss) per share - basic and diluted ⁽¹⁾	\$ 0.04	\$ (0.04)	\$ (0.02)	\$ (0.07)	\$ (0.04)	\$ (0.17)	\$ (0.13)	\$ -
Adjusted EBITDA	\$ 1.9	\$ 0.4	\$ 0.9	\$ 0.4	\$ 0.4	\$ (1.8)	\$ (0.8)	\$ 1.1

(1) Amounts have been adjusted following the rights offering and share consolidation that occurred during 2017.

LIQUIDITY AND CAPITAL RESOURCES

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of trade receivables, unbilled receivables, accounts payable, accrued liabilities and unearned revenue; (ii) investing activities, including the purchase of property and equipment; and (iii) financing activities, including debt financing and the issuance of capital stock.

During the quarter ended September 30, 2019, the Company generated operating income of \$0.6 million (nine-month period loss \$3.1 million) and incurred positive adjusted EBITDA of \$1.1 million (nine-month period negative \$1.5 million). Revenue for the nine-months ended September 30, 2019 was \$7.0 million, which represents a \$4.6 million decrease in revenue for the same period in 2018. At September 30, 2019, the Company has a shareholders' deficiency of \$29.7 million that was generated by current and prior years' accumulated losses.

Cash provided by operations during the nine-months ended September 30, 2019 totaled \$1.0 million, compared to cash used in operations of \$3.2 million during the same period in 2018. The year-over-year increase in cash provided is due primarily to the decrease in trade receivables and the increase in unearned revenue.

Net cash used in investing activities totaled \$1.2 million and \$0.9 million for the nine-month periods ended September 30, 2019 and 2018, respectively. Net cash used in investing activities for both periods related to the purchase of computer related equipment and the capitalization of labor and materials to build the data archive, processing capabilities, and software assets.

Net cash used in financing activities totaled \$450 thousand for the nine-month period ended September 30, 2019 compared to \$9 thousand for the same period in 2018. The net cash used during the nine-month period ended September 30, 2019 resulted from the payment of lease obligations of \$441 thousand and the repayment of finance leases of \$9 thousand. The net cash used during the nine-month period ended September 30, 2018 was the repayment of finance leases of \$9 thousand.

The Company is dependent upon its cash flow from operations to fund its business as it currently has \$33.9 million in outstanding secured long-term debt, no line of credit or credit facility currently in place and the current share price is significantly depressed. The Company believes access to equity capital markets is severely constrained. The cash position of the Company at September 30, 2019 was \$0.6 million, compared to \$1.3 million at December 31, 2018. Over the past two years, the Company has undertaken a significant reduction in staff and realigning of the mix of talent and key resources, as well as overall reductions in operating costs.

The above factors in the aggregate indicate there are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to successfully secure sales with upfront payments, restructure the balance sheet (including a reduction of debt) and obtain additional financing. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition and / or results of operations. The Board of Directors and management continues to address these issues including retaining a financial advisor as well as a strategic consultant to explore strategic alternatives. Such alternatives could include, a sale of the Company, a sale of assets, a business combination, continuing as a standalone entity under a new capital structure, or no substantive change. The Company has entered into an agreement with Vertex, subject to the receipt of new financing and shareholder approval, to exchange the notes payable (described in Note 7(a)(iv) of the condensed consolidated interim financial statements) for perpetual Preferred Shares of the Company. In addition, the Company has received term sheets that will meet the requirements of the Vertex conversion. There can be no assurance that a financing will close and the notes payable will be converted to preferred shares, or the consideration of strategic alternatives will result in the completion of any transaction or any other alternative.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue is recognized when a customer obtains control of the good or services. Determining the timing of the transfer of control, at a point in time or overtime, requires judgement.

Acquisition Service Contracts

Revenue from acquisition service contracts is recognized overtime based on the ratio of costs incurred to estimated final contract costs. The use of this method of measuring progress towards complete satisfaction of the performance obligations requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured in the amount by which the estimated costs of the related project exceed the estimated total

revenue for the project. Invoices are issued according to contractual terms and are usually payable within 30 days. Revenue recognized in advance of billings are presented as unbilled revenue.

Data Licenses

Revenue from the sale of data licenses in the ordinary course of business is measured at the fair value of the consideration received or receivable. Customers obtain control of data products upon receipt of a physical hard drive or download of the data from a web link provided. Invoices are generated, and revenue is recognized at that point in time. Invoices are generally paid within 30 days.

Software Subscriptions

Software subscriptions are generally one year or less, with invoices issued and paid at the beginning of the license term. Revenue is recognized overtime, and payments for future months of service are recognized in unearned revenue. While the license agreements are for a fixed term, some agreements also contain a limited number of clicks or uses. If the limit is reached prior to the end of the term, the license ends early.

Data Library (NEXTMap)

The Company maintains a data library, which is the result of the acquisition and processing of digital map data. Ownership rights to this data are typically retained by the Company and the data is licensed to customers. Although the carrying value of the data library at September 30, 2019 is \$Nil, management believes the asset generates significant value to the Company and the solutions it provides. In accordance with IFRS, the Company will review each reporting period for indications that an adjustment to the carrying value may be necessary.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following new accounting standards and amendments which are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2019.

IFRS 16, Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of-use-assets and lease liabilities for all major leases.

At inception of a contract, the Company assesses the right to control the use of an identified asset for a period of time in exchange for consideration to determine if the contract is a lease. The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The asset is depreciated to the earlier of the end of the useful life or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to use that option. The

right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments, if there is a change in the Company's estimated amount expected to be paid, or if the Company changes its assessment of if it will exercise a purchase, extension, or termination option.

The Company has elected to apply the practical expedient not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

The Company adopted the standard using the modified retrospective method, and prior year period amounts were not adjusted. They remain as previously reported under IAS 17 and related interpretations. On initial application, the Company elected to record right of use assets based on the corresponding lease liability. At January 1, 2019, right of use assets of \$781 and lease obligations of \$891 were recorded with no net impact on retained earnings in the condensed consolidated interim financial statements. As a result of adopting this standard, deferred lease inducements were netted against the right of use assets. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.2%. The Company is now recording lease payments as depreciation and interest expense, which was previously recorded as lease expense from operating. There was no impact on cash flows from prior periods, however, current period cash flows from operating activities increased as lease payments are now recognized in cash flows from financing activities and interest expense from the lease obligations is included in financing costs.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previous assessed under IAS 17 and IFRC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2018.

The impact on the condensed consolidated interim balance sheet as of September 30, 2019 and the condensed consolidated interim statement of loss and other comprehensive income for the three and nine months ended September 30, 2019 of adopting IFRS 16 is summarized in tables in the notes to the financial statements (see Note 3(a) of the condensed consolidated interim financial statements).

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class A participating preferred shares without par value. At the close of business on November 14, 2019, 17,268,472 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of November 14, 2019, potential dilutive securities include (i) 1,200,784 outstanding share options with a weighted average exercise price of C\$0.90, (ii) 400,401 restricted share units, and (iii) 546,456 warrants outstanding with a weighted average exercise price of USD\$0.70. Each option and warrant entitles the holder to purchase one Class A common share. The warrants are currently being held by current Directors of the Company, which expire on September 1, 2020.

INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

Internal Control over Financial Reporting

The Company's Chairman and Chief Executive Officer and the Company's Chief Financial Officer have designed, or have caused to be designed under their supervision, internal control over financial reporting as defined under National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Changes in Internal Control over Financial Reporting

There have been no significant changes in the design of internal control over financial reporting that occurred during the period beginning on January 1, 2019 and ended on September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

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

RISKS AND UNCERTAINTIES

Additional risks and uncertainties relating to the business and affairs of the Company are described in the Company's 2018 Annual Report and the Annual Information Form.

Additional Information

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

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Balance Sheets

(In thousands of United States dollars)

(Unaudited)

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 621	\$ 1,284
Trade receivables	1,684	3,221
Unbilled revenue	393	421
Prepaid expenses	560	567
	3,258	5,493
Property and equipment (Note 4)	4,705	4,311
Right of use assets (Note 5)	466	-
Total assets	\$ 8,429	\$ 9,804
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 3,605	\$ 2,836
Current portion of project financing (Note 7(b))	1,411	1,411
Current portion of deferred lease inducements	-	32
Lease obligations (Note 12)	504	11
Unearned revenue	1,168	626
Income taxes payable	-	1
Current portion of notes payable (Note 7(a))	31,154	-
	37,842	4,917
Long-term notes payable (Note 7(a))	-	29,065
Long-term project financing (Note 7(b))	181	177
Deferred lease inducements	-	64
Lease obligations (Note 12)	40	3
Total liabilities	38,063	34,226
Shareholders' deficiency:		
Share capital (Note 10(a))	199,917	199,917
Accumulated other comprehensive loss	(168)	(154)
Contributed surplus (Note 10(b))	25,448	25,379
Deficit	(254,831)	(249,564)
Total shareholders' deficiency	(29,634)	(24,422)
Going concern (Note 2(a))		
Total liabilities and shareholders' deficiency	\$ 8,429	\$ 9,804

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Loss and Other Comprehensive Income
(In thousands of United States dollars, except per share information)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Revenue (Note 8)	\$ 4,265	\$ 3,676	\$ 7,021	\$ 11,603
Expenses:				
Operating costs (Note 9(a))	3,250	3,332	8,631	10,286
Restructuring costs (Note 9(b))	-	478	272	478
Depreciation of property and equipment	249	340	810	983
Depreciation of right of use assets	124	-	374	-
	3,623	4,150	10,087	11,747
Operating (loss) income	642	(474)	(3,066)	(144)
Gain on disposal of equipment	-	6	-	6
Financing costs (Note 9(b))	(726)	(678)	(2,141)	(1,986)
Loss on foreign currency translation	13	(35)	(48)	(68)
Loss before income taxes	(71)	(1,181)	(5,255)	(2,192)
Income tax expense:				
Current	3	-	(12)	(2)
Deferred	-	-	-	-
	3	-	(12)	(2)
Net loss for the period	\$ (68)	\$ (1,181)	\$ (5,267)	\$ (2,194)
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(18)	-	(14)	(6)
Comprehensive loss for the period	\$ (86)	\$ (1,181)	\$ (5,281)	\$ (2,200)
Basic and diluted loss per share	\$ -	\$ (0.07)	\$ (0.31)	\$ (0.13)
Weighted average number of Class A common shares - basic and diluted (Note 10(c))	17,268,472	17,268,472	17,268,472	16,696,601

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
(In thousands of United States dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total
Balance at December 31, 2017	\$ 199,634	\$ 25,242	\$ (143)	\$ (246,746)	\$ (22,013)
Comprehensive loss for the period	-	-	(6)	(2,194)	(2,200)
Share-based compensation	283	103	-	-	386
Balance at September 30, 2018	\$ 199,917	\$ 25,345	\$ (149)	\$ (248,940)	\$ (23,827)
Comprehensive loss for the period	-	-	(5)	(624)	(629)
Share-based compensation	-	34	-	-	34
Balance at December 31, 2018	\$ 199,917	\$ 25,379	\$ (154)	\$ (249,564)	\$ (24,422)
Comprehensive loss for the period	-	-	(14)	(5,267)	(5,281)
Share-based compensation	-	69	-	-	69
Balance at September 30, 2019	\$ 199,917	\$ 25,448	\$ (168)	\$ (254,831)	\$ (29,634)

See accompanying notes to condensed consolidated interim financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of United States dollars)

(Unaudited)

For the nine months ended September 30,	2019	2018
Operating activities:		
Net loss for the period	\$ (5,267)	\$ (2,194)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	810	983
Depreciation of right of use assets	374	-
Share-based compensation expense	69	386
Gain on disposal of equipment	-	(6)
Amortization of deferred lease inducements	-	(33)
Financing costs	2,141	1,986
Current income tax expense	12	2
Interest paid	(43)	(1)
Income tax paid	(13)	(3)
Changes in working capital:		
Trade receivables	1,537	(234)
Unbilled revenue and prepaid expenses	35	(1,202)
Accounts payable and accrued liabilities	905	(1,932)
Unearned revenue	542	(1,006)
Gain on foreign currency translation	(112)	17
Cash flows provided (used) by operating activities	990	(3,237)
Investing activities:		
Purchase of property and equipment	(1,204)	(947)
Cash flows used in investing activities	(1,204)	(947)
Financing activities:		
Payment of lease obligations	(450)	(9)
Cash flows used in financing activities	(450)	(9)
Effect of foreign exchange on cash	1	(12)
Decrease in cash	(663)	(4,205)
Cash, beginning of period	1,284	6,363
Cash, end of period	\$ 621	\$ 2,158

See accompanying notes to condensed consolidated interim financial statements.

1. Reporting entity:

Intermap Technologies Corporation (the Company) is incorporated under the laws of Alberta, Canada. The head office of Intermap is located at 8310 South Valley Highway, Suite 400, Englewood, Colorado, USA 80112. Its registered office is located at 400, 3rd Avenue SW, Suite 3700, Calgary, Alberta, Canada T2P 4H2.

Intermap is a global location-based geospatial information company, creating a wide variety of geospatial solutions and analytics for its customers. Intermap's geospatial solutions and analytics can be used in a wide range of applications including, but not limited to, location-based information, geospatial risk assessment, geographic information systems, engineering, utilities, global positioning systems maps, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization.

2. Basis of preparation:

(a) Going concern:

These condensed consolidated interim financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business. During the nine months ended September 30, 2019, the Company reported an operating loss of \$3,066, a net loss of \$5,267, and positive cash flows from operating activities of \$990. In addition, the Company has a shareholders' deficiency of \$29,634 at September 30, 2019.

The above factors in the aggregate indicate there are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's ability to successfully secure sales with upfront payments, reduce existing debt and / or obtain additional financing. Failure to achieve one or more of these requirements could have a materially adverse effect on the Company's financial condition. The Board of Directors and management continue to address these issues including retaining a financial advisor as well as a consultant to explore strategic alternatives. Such alternatives could include, a sale of the Company, a sale of assets, a business combination, continuing as a standalone entity under a new capital structure, or no substantive change. The Company has entered into an agreement with Vertex One Asset Management (Vertex), the Company's only first lien secured creditor and its largest shareholder, subject to the receipt of new financing and shareholder approval, to exchange the notes payable (described in Note 7(a)) for perpetual Preferred Shares of the Company. In addition, the Company has received term sheets that will meet the requirements of the Vertex conversion. There can be no assurance that a financing will close and the notes payable will be

converted to preferred shares, or the consideration of other strategic alternatives will result in the completion of any transaction or any other alternative.

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

(b) Statement of compliance:

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

The notes presented in these unaudited condensed consolidated interim financial statements include in general only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2018 (the "2018 Annual Consolidated Financial Statements"). These statements include the application of IFRS 16, Leases (IFRS 16). Changes to significant accounting policies are described in Note 3.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of November 14, 2019, the date the Board of Directors approved the condensed consolidated interim financial statements.

(c) Measurement basis:

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

(d) Use of estimates:

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the

last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which is described in Note 3.

3. Changes in significant accounting policies:

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods that were used to prepare the Company's 2018 Annual Consolidated Financial Statements, except as described below.

The Company adopted the following new accounting standard which is effective for the Company's condensed consolidated interim financial statements commencing January 1, 2019. The changes in accounting policies will also be reflected in the Company's consolidated financial statements as at and for the year ended December 31, 2019.

(a) IFRS 16, *Leases*

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of use-assets and lease liabilities for all major leases.

At inception of a contract, the Company assesses the right to control the use of an identified asset for a period of time in exchange for consideration to determine if the contract is a lease. The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The asset is depreciated to the earlier of the end of the useful life or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to use that option. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments, if there is a change in the Company's estimated amount expected to be paid, or if the Company changes its assessment of if it will exercise a purchase, extension, or termination option.

The Company has elected to apply the practical expedient not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of

low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

The Company adopted the standard using the modified retrospective method, and prior year period amounts were not adjusted. They remain as previously reported under IAS 17 and related interpretations. On initial application, the Company elected to record right of use assets based on the corresponding lease liability. At January 1, 2019, right of use assets of \$781 and lease obligations of \$891 were recorded with no net impact on retained earnings in the condensed consolidated interim financial statements. As a result of adopting this standard, deferred lease inducements were netted against the right of use assets. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 8.2%. The Company is now recording lease payments as depreciation and interest expense, which was previously recorded as lease expense from operating. There was no impact on cash flows from prior periods, however, current period cash flows from operating activities increased as lease payments are now recognized in cash flows from financing activities and interest expense from the lease obligations is included in financing costs.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previous assessed under IAS 17 and IFRC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2018.

The reconciliation of commitments at December 31, 2018 to lease obligations at January 1, 2019 after adopting this standard is summarized below:

	Lease obligations	Short-term office space	Equipment Leases	Total
Commitments at December 31, 2018	\$ 598	\$ 50	\$ 7	\$ 655
Future interest portion of leases	120	-	-	120
New lease obligations	159	-	-	159
Obligations under finance leases	14	-	-	14
Lease obligations at January 1, 2019	\$ 891	\$ 50	\$ 7	\$ 948

The impact on the condensed consolidated interim balance sheet as of September 30, 2019 of adopting IFRS 16 is summarized below:

	As reported	IFRS 16 Adjustments	Without IFRS 16 Adjustments
Assets			
Right of use assets	\$ 466	\$ (466)	\$ -
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Current portion of deferred lease inducements	-	34	34
Lease obligations, right of use assets	504	(504)	-
Obligations under finance leases	-	5	5
Long-term liabilities			
Deferred lease inducements	-	24	24
Lease obligations, right of use assets	40	(40)	-
Obligations under finance leases	-	-	-
Shareholders' deficiency:			
Deficit	(254,831)	15	(254,816)

The impact on the condensed consolidated interim statement of loss and other comprehensive income for the nine months ended September 30, 2019 of adopting IFRS 16 is summarized below:

For the nine months ended September 30,	As reported	IFRS 16 Adjustment	Without IFRS 16 Adjustments
Expenses:			
Operating costs	\$ 8,631	\$ 403	\$ 9,034
Depreciation of right of use assets	374	(374)	-
Financing costs	(2,141)	44	(2,097)
Loss before income taxes	(5,255)	15	(5,240)

4. Property and equipment:

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leasehold improvements	Under construction	Total
Balance at December 31, 2018	\$ 237	\$ 2,857	\$ 11	\$ 101	\$ 1,105	\$ 4,311
Additions	2	-	1	-	1,201	1,204
Transfer from under construction	215	-	-	-	(215)	-
Depreciation	(111)	(660)	(4)	(35)	-	(810)
Balance at September 30, 2019	\$ 343	\$ 2,197	\$ 8	\$ 66	\$ 2,091	\$ 4,705

Property and equipment	Aircraft and engines	Radar and mapping equipment	Furniture and fixtures	Leasehold improvements	Under construction	Total
Cost	\$ 11,083	\$ 31,226	\$ 388	\$ 1,074	\$ 1,105	\$ 44,876
Accumulated depreciation	(10,846)	(28,369)	(377)	(973)	-	(40,565)
Balance at December 31, 2018	\$ 237	\$ 2,857	\$ 11	\$ 101	\$ 1,105	\$ 4,311
Cost	\$ 11,300	\$ 31,226	\$ 389	\$ 1,074	\$ 2,091	\$ 46,080
Accumulated depreciation	(10,957)	(29,029)	(381)	(1,008)	-	(41,375)
Balance at September 30, 2019	\$ 343	\$ 2,197	\$ 8	\$ 66	\$ 2,091	\$ 4,705

5. Right of use assets:

	September 30, 2019
Balance at January 1, 2019	\$ 781
Depreciation	(374)
Deferred lease incentives	58
Foreign exchange	1
	\$ 466

6. Accounts payable and accrued liabilities:

	September 30, 2019	December 31, 2018
Accounts payable	\$ 1,559	\$ 1,118
Accrued liabilities	2,045	1,709
Other taxes payable	1	9
	\$ 3,605	\$ 2,836

7. Financial liabilities:

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities and balances at September 30, 2019:

	Notes Payable	Lease Obligations	Project Financing	Other	Total
Balance at December 31, 2018	\$ 29,065	\$ 14	\$ 1,588		\$ 30,667
Changes from financing activities:					
Payment of lease obligations	-	(450)	-		(450)
Total changes from financing activities	-	(450)	-	-	(450)
Foreign exchange	-	19	4		23
Other changes:					
Opening balance of lease obligations	-	877	-		877
Financing costs	2,089	44	-	8	2,141
Balance at September 30, 2019	\$ 31,154	\$ 504	\$ 1,592	\$ 8	\$ 33,258

(a) Notes payable:

The following table details the liability and equity components of each note payable balance at September 30, 2019:

Closing Date of Note	March 30, 2017	December 14, 2016	December 14, 2016	Total
Proceeds from issuance of notes	\$ -	\$ 6,000	\$ -	\$ 6,000
Repayment	-	(2,890)	-	(2,890)
Note modification - 2016	-	-	27,800	27,800
Conversion to long-term note payable	3,110	(3,110)	-	-
Issuance of December 2016 note	-	-	3,000	3,000
Transaction costs	-	-	(168)	(168)
Discount on the note	(746)	(158)	(8,880)	(9,784)
Effective interest on note discount	526	158	6,512	7,196
Current portion of notes payable	\$ 2,890	\$ -	\$ 28,264	\$ 31,154

The following table details the liability and equity components of each note payable balance at December 31, 2018:

Closing Date of Note	March 30, 2017	December 14, 2016	December 14, 2016	Total
Proceeds from issuance of notes	\$ -	\$ 6,000	\$ -	\$ 6,000
Repayment	-	(2,890)	-	(2,890)
Note modification - 2016	-	-	27,800	27,800
Conversion to long-term note payable	3,110	(3,110)	-	-
Issuance of December 2016 note	-	-	3,000	3,000
Transaction costs	-	-	(168)	(168)
Discount on the note	(746)	(158)	(8,880)	(9,784)
Effective interest on note discount	357	158	4,592	5,107
Long-term portion of notes payable	\$ 2,721	\$ -	\$ 26,344	\$ 29,065

i. December 14, 2016 note payable:

On December 14, 2016, the Company received \$6,000 as a bridge loan from Vertex. The loan is payable on the earlier of March 31, 2017 or the completion of the Rights Offering, which closed on March 30, 2017. All the proceeds of the Rights Offering were to be used to pay down this note payable, and any amounts which remain outstanding after the Rights Offering will be converted into a term loan due September 1, 2020. The note is non-interest bearing, and therefore the fair value at inception must be estimated to account for an imputed interest factor. The value at inception was determined to be \$5,842. The estimated discount rate was 9.21% and is subject to estimation uncertainty. The discount of \$158 was recognized in contributed surplus and was amortized over the term of the note using the effective interest method. The note was subject to prepayment provisions, if the Company's aggregate cash balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be pre-paid against the outstanding notes payable.

ii. December 14, 2016 note modification:

On December 14, 2016, the Company and Vertex restructured its September 15, 2016 note payable of \$25,800 and July 8, 2016 note payable of \$2,000. The original notes, bearing interest at 15% per annum each, were extended to mature on September 1, 2020 and the interest was eliminated. In addition, a promissory note payable for \$3,000 was issued in exchange for the termination of the royalty agreement, executed on February 23, 2015, and the amending agreement, which established the cash sweep requirement, executed on April 28, 2015. The restructured notes were treated as an extinguishment for accounting purposes, and given they require for zero interest payments, the fair value at inception must be estimated to account for an imputed interest factor. The value of the remaining promissory notes (\$25,800, \$2,000 and \$3,000) at inception was determined to be \$21,752, net of transaction costs of \$168. The estimated discount rate was 9.21% and is subject to estimation uncertainty. The discount to the note payable will be amortized over the term of the note using the effective interest method. For the nine months ending September 30, 2019, \$1,920 was recognized in financing costs. The note is secured by a first priority lien on all the assets of the Company and is subject to prepayment provisions, if the Company's aggregate cash balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be pre-paid against the outstanding notes payable.

iii. March 30, 2017 note payable:

On March 30, 2017, the Company executed an amended and restated promissory note with Vertex One Asset Management (Vertex), for \$3,110 due September 1, 2020. The note represents the balance remaining from the December 14, 2016 bridge loan, following the completion of the Rights Offering (See Note 12(b)) and repayment of \$2,890. The note is non-interest bearing, and therefore the fair value at inception must be estimated to account for an imputed interest factor. The value at inception was determined to be \$2,364, based on the estimated discount rate of 8.05%, and is

subject to estimation uncertainty. The resulting discount of \$746 was recognized in contributed surplus as a gain on the modification of debt at March 30, 2017 and will be amortized over the term of the note using the effective interest method. For the nine months ending September 30, 2019, \$169 was recognized in financing costs. The note is secured by a first priority lien on all the assets of the Company and is subject to prepayment provisions, if the Company's aggregate cash balance exceeds \$10.0 million at the end of any calendar quarter, 50% of the balance greater than \$10.0 million must be pre-paid against the outstanding notes payable.

iv. May 22, 2019 Conditional Settlement:

On May 22, 2019 the Company announced an agreement with Vertex, subject to obtaining new financing and shareholder approval, to exchange the notes payable, detailed above, for newly created perpetual preferred shares.

The Agreement sets forth the terms on which Vertex will release its liens on the assets of the Company and convert the notes payable to Preferred Shares to facilitate new financing arrangements for the Company. The release of collateral will become effective upon closing of new financing as follows:

- A liquidation preference equal to \$10.8 million (the "Liquidation Preference"), which would be realized:
 - Upon any sale of all or substantially all of the assets of the Company or a liquidation of the Company, Vertex would be entitled to 100% of distributable cash on a priority basis ahead of all common shareholders in an amount up to 100% of the Liquidation Preference, calculated cumulatively with all prior distributions in respect of the Liquidation Preference; and
 - Upon a sale of less than substantially all of the assets of the Company, other than ordinary course and de minimis transactions, Vertex would be entitled to share in 50% of distributable cash on a priority basis in an amount up to 100% of the Liquidation Preference, calculated cumulatively with all prior distributions in respect of the Liquidation Preference, with the remaining 50% of distributable cash allocated to the common shareholders, including Vertex;
- A right to participate in dividends of operating income on an equivalent basis to common shareholders, which dividends would not reduce the outstanding Liquidation Preference, with the preferred shares having the right to 50% of all dividends, subject to dilution to the extent additional common shares are issued thereafter; and
- Provided; that in the event the new financing raises less than \$4.0 million, including unfunded commitments, Vertex would convert only 50% of the principal value of the Vertex Debt and the Liquidation Preference would be adjusted proportionately; provided further that no portion of the Vertex Debt would be converted if the new financing raises less than \$1.5 million.

- The closing of the conversion would be conditioned on the following:
 - Intermap's entry into a new credit facility or delayed draw term loan, which may involve the granting of liens on all or a portion of the assets of the Company and its subsidiaries; and
 - Approval by the Company's shareholders.

(b) Project financing:

Project financing includes a promissory note with a service provider. The note bears interest at 8% per annum and is secured by a last priority lien on an aircraft owned by the Company. As of September 30, 2019, the balance of the note is \$1,411. While the note is classified as a current liability on the balance sheet, the Company has disputed the amount owed and therefore has not committed to cash payments and has stopped accruing interest.

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

	September 30, 2019	December 31, 2018
Promissory note payable	\$ 1,411	\$ 1,411
Reimbursable project funding	181	177
	1,592	1,588
Less current portion	(1,411)	(1,411)
Long-term portion of project financing	\$ 181	\$ 177

8. Revenue:

Details of revenue are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Acquisition services	\$ 3,473	\$ 2,927	\$ 4,655	\$ 7,634
Value-added data	234	228	707	2,246
Software and solutions	558	521	1,659	1,723
	<u>\$ 4,265</u>	<u>\$ 3,676</u>	<u>\$ 7,021</u>	<u>\$ 11,603</u>
Primary geographical market				
United States	\$ 3,199	\$ 3,237	\$ 5,006	\$ 8,791
Asia/Pacific	672	21	871	1,425
Europe	394	418	1,144	1,387
	<u>\$ 4,265</u>	<u>\$ 3,676</u>	<u>\$ 7,021</u>	<u>\$ 11,603</u>
Timing of revenue recognition				
Upon delivery	\$ 335	\$ 240	\$ 932	\$ 2,579
Services overtime	3,930	3,436	6,089	9,024
	<u>\$ 4,265</u>	<u>\$ 3,676</u>	<u>\$ 7,021</u>	<u>\$ 11,603</u>

9. Operating and non-operating costs:

(a) Operating costs:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Personnel	\$ 1,629	\$ 1,780	\$ 4,582	\$ 6,046
Purchased services & materials ⁽¹⁾	1,251	1,098	3,151	2,817
Travel	87	175	221	423
Facilities and other expenses	283	279	677	1,000
	<u>\$ 3,250</u>	<u>\$ 3,332</u>	<u>\$ 8,631</u>	<u>\$ 10,286</u>

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

(b) Restructuring costs:

During the nine months ended September 30, 2019, the Company continued organizational restructuring to lower on-going operating costs specifically in its Jakarta operation. As a result, the company recorded \$272 of workforce reduction restructuring costs (nine months ended September 30, 2018 - \$478).

(c) Financing costs:

	For the three months ended September 30, 2019		For the nine months ended September 30, 2018	
Accretion of discounts recognized on notes payable	\$ 712	\$ 649	\$ 2,089	\$ 1,904
Interest on lease obligations	12	1	44	2
Interest on accounts payable	2	-	8	-
Interest on project financing	-	28	-	80
	\$ 726	\$ 678	\$ 2,141	\$ 1,986

10. Share capital:

(a) Issued:

	September 30, 2019		December 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Class A common shares				
Balance, beginning of period:	17,268,472	\$ 199,917	16,396,289	\$ 199,634
Share-based compensation	-	-	872,183	283
Balance, end of period:	17,268,472	\$ 199,917	17,268,472	\$ 199,917

On June 28, 2018, 872,183 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of \$283 for these Class A common shares was included in operating costs.

(b) Contributed surplus:

	September 30, 2019	December 31, 2018
Balance, beginning of period	\$ 25,379	\$ 25,242
Share-based compensation	69	137
Balance, end of period	\$ 25,448	\$ 25,379

(c) Loss per share:

The calculation of loss per share is based on the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they are not included in the calculation of diluted loss per share. The Company has incurred a net loss for each period presented and the inclusion of the outstanding options and warrants in the loss per share calculation are anti-dilutive and are therefore not included in the calculation.

The underlying Class A common shares pertaining to 1,200,784 outstanding share options, 400,401 restricted share units (RSUs) and 546,456 outstanding warrants could potentially dilute earnings.

(d) Share option plan:

The Company established a share option plan to provide long-term incentives to attract, motivate, and retain certain key employees, officers, directors, and consultants providing services to the Company. The plan permitted granting options to purchase up to 10% of the outstanding Class A common shares of the Company. The share option plan was replaced at the Annual General

Meeting on March 15, 2018 (see Note 10(e)), and all options issued and outstanding at that time will remain until such time they are exercised, expired or forfeited. As of September 30, 2019, 1,200,784 share options are issued and outstanding. No additional options will be issued under this plan.

The following tables summarize information regarding share options outstanding:

	September 30, 2019		December 31, 2018	
	Number of shares under option	Weighted average exercise price (CDN)	Number of shares under option	Weighted average exercise price (CDN)
Options outstanding, beginning of period	1,284,077	\$ 1.04	1,396,079	\$ 1.09
Expired	(61,167)	3.86	(56,752)	2.26
Forfeitures	(22,126)	0.89	(55,250)	0.89
Options outstanding, end of period	1,200,784	\$ 0.90	1,284,077	\$ 1.04
Options exercisable, end of period	1,039,198	\$ 0.92	931,487	\$ 1.13

Exercise Price (CDN\$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.70	803,546	7.54 years	650,210
0.80	291,732	7.13 years	291,732
1.70	2,500	0.87 years	2,500
2.30	12,381	1.88 years	12,381
2.70	34,875	2.63 years	26,625
2.90	55,750	0.47 years	55,750
	1,200,784	6.84 years	1,039,198

During the nine months ended September 30, 2019, the estimated forfeiture rate was 10.36%. During the nine months ended September 30, 2019, the Company recognized \$32 (nine months ended September 30, 2018 – \$80) of non-cash compensation expense related to the share option plan.

(e) Omnibus plan:

The omnibus plan was approved by the shareholders at the Annual General Meeting on March 15, 2018 and replaces the share option plan, the employee share compensation plan and the director's share compensation plan. The omnibus plan permits the issuance of options, stock appreciation rights, restricted share units and other share-based awards under one single plan.

The maximum number of common shares reserved under the omnibus plan is 3,363,631. Any common shares reserved under the predecessor share option plan related to awards that expire or forfeit will be rolled into the omnibus plan. As of September 30, 2019, 1,200,784 share options and 400,401 RSUs are issued and outstanding. In addition, 872,183 Class A common shares were issued (see Note 10(a)) under the plan, leaving 890,263 awards remain available for future issuance.

The following tables summarize information regarding RSUs outstanding:

	September 30, 2019	December 31, 2018
	Number of RSUs	Number of RSUs
RSUs outstanding, beginning of period	430,200	481,700
Forfeitures	(29,799)	(51,500)
RSUs outstanding, end of period	400,401	430,200

During the twelve months ended December 31, 2018, 481,700 RSUs were issued at a weighted average grant date fair value of C\$0.37 per share. During the nine months ended September 30, 2019, the Company recognized \$37 (nine months ended September 30, 2018 - \$23) of non-cash compensation expense related to the RSUs.

(f) Share-based compensation expense:

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

	For the three months ended September 30, 2019		For the nine months ended September 30, 2018	
	2019	2018	2019	2018
Employees	\$ 13	\$ 21	\$ 69	\$ 103
Directors and advisors	-	-	-	283
Non-cash compensation	\$ 13	\$ 21	\$ 69	\$ 386

11. Class A common share purchase warrants:

The warrant amounts and prices have been adjusted because of the December 2017 share consolidation. The following table details the number of Class A common share purchase warrants outstanding at each balance sheet date:

Grant Date	Expiry Date	Exercise Price	Granted	Anti-dilution Adjustment	Number of Warrants Outstanding December 31, 2018	Expired	Number of Warrants Outstanding March 31, 2019
4/1/2015	9/1/2020	US\$ 0.70	458,907	87,549	546,456	-	546,456
			458,906	87,549	546,456	-	546,456

Each warrant entitles its holder to purchase one Class A common share. The 546,456 outstanding warrants denominated in United States dollars are recognized as part of share capital. At December 31, 2018 \$385 is included in share capital related to these warrants. As the exercise prices are denominated in U.S. dollars, the Company's functional currency, the warrants are not considered a derivative liability and are not required to be recorded as a financial liability and revalued at each balance sheet date.

The expiry date for the warrants issued on April 1, 2015 was extended to September 1, 2020 by approval of the shareholders at the Annual General Meeting on March 15, 2018.

12. Lease obligations:

The following table presents the contractual undiscounted cash flows for right of use asset lease obligations which require the following payments for each year ending September 30:

2020	\$	484
2021		17
	\$	501

Interest expense on lease obligations for the nine months ended September 30, 2019 was \$44. Total cash outflow for leases was \$703, including \$261 for short-term and low-value leases. There are no variable payment components which are not included in the measurement of lease obligations.

The Company also has contractual undiscounted cash flows for short-term and low-value operating leases for equipment and office space that are not on the balance sheet which require the following payments for each year ending September 30:

2020	\$	194
	\$	194

13. Segmented information:

The operations of the Company are in one industry segment: digital mapping and related services. Revenue by geographic segment is included in Note 8.

Property and equipment of the Company are located as follows:

	September 30, 2019	December 31, 2018
United States	\$ 4,527	\$ 3,528
Canada	86	691
Europe	42	21
Asia/Pacific	50	71
	\$ 4,705	\$ 4,311

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

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Customer A	\$ 2,845	\$ 2,926	\$ 4,026	\$ 7,634
Customer B	628	-	530	-
Customer C	-	-	-	1,262
	\$ 3,473	\$ 2,926	\$ 4,556	\$ 8,896

14. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, and capital risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities. There have been no significant changes to the Company's risk management strategies since December 31, 2018.

Trade receivables as of September 30, 2019, and December 31, 2018, consist of:

	September 30, 2019	December 31, 2018
Trade receivables	\$ 1,682	\$ 3,207
Other miscellaneous receivables	2	14
	\$ 1,684	\$ 3,221

Trade receivables by geography consist of:

	September 30, 2019	December 31, 2018
United States	\$ 153	\$ 907
Europe	232	230
Canada	6	350
Asia/Pacific	1,291	1,720
	\$ 1,682	\$ 3,207

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

	September 30, 2019	December 31, 2018
Current	\$ 296	\$ 3,062
31-60 days	788	118
61-90 days	90	17
Over 91 days	508	10
	\$ 1,682	\$ 3,207

Most of the trade receivables past due balance relates to a data sale that the Company granted extended payment terms of less than one year and are considered collectible. To date, the related customer has met each committed payment date.

15. Fair values:

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

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

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

(a) Fair value hierarchy:

Financial instruments recorded at fair value on the Condensed Consolidated Interim Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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