Consolidated Financial Statements of

INTERMAP TECHNOLOGIES CORPORATION

Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Intermap Technologies Corporation

Opinion

We have audited the consolidated financial statements of Intermap Technologies Corporation (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2019 and December 31, 2018
- the consolidated statements of loss and other comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' deficiency for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which indicates that Intermap Technologies Corporation has incurred recurring losses in current and prior years, has negative working capital at December 31, 2019 and has a shareholders' deficiency at December 31, 2019.

As stated in Note 2(a) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(a) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter –Change in Accounting Policy

We draw attention to Note 4 to the financial statements which indicates that the Entity has changed its accounting policy for leases as of January 1, 2019 due to the adoption of IFRS 16 *Leases* and has applied that change using a modified retrospective approach.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “2019 Annual Report”.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “2019 Annual Report” is expected to be made available to us after the date of this auditors’ report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

The engagement partner on the audit resulting in this auditors' report is Andrew Watson.

Ottawa, Canada

May 14, 2020

INTERMAP TECHNOLOGIES CORPORATION

Consolidated Balance Sheets
(In thousands of United States dollars)

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	**$ 1,230**	$ 1,284
Trade receivables	**741**	3,221
Unbilled revenue (Note 10)	**410**	421
Prepaid expenses	**763**	567
	3,144	5,493
Property and equipment (Note 5)	**4,555**	4,311
Right of use assets (Note 6)	**406**	-
Total assets	**$ 8,105**	$ 9,804
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (Note 7)	**$ 3,085**	$ 2,836
Current portion of project financing (Note 8(b))	**300**	1,411
Current portion of deferred lease inducements	**-**	32
Lease obligations (Note 9)	**369**	11
Unearned revenue (Note 10)	**1,274**	626
Income taxes payable	**-**	1
Current portion of notes payable (Note 8(a))	**31,884**	-
	36,912	4,917
Long-term notes payable (Note 8(a))	**-**	29,065
Long-term project financing (Note 8(b))	**184**	177
Deferred lease inducements	**-**	64
Lease obligations (Note 9)	**96**	3
Total liabilities	**37,192**	34,226
Shareholders' deficiency:		
Share capital (Note 12(b))	**199,917**	199,917
Accumulated other comprehensive loss	**(154)**	(154)
Contributed surplus (Note 12(c))	**25,527**	25,379
Deficit	**(254,377)**	(249,564)
Total shareholders' deficiency	**(29,087)**	(24,422)
Going concern (Note 2(a))		
Subsequent events (Note 19)		
Total liabilities and shareholders' deficiency	**$ 8,105**	$ 9,804

See accompanying notes to consolidated financial statements.

INTERMAP TECHNOLOGIES CORPORATION

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

For the years ended December 31,		**2019**		2018
Revenue (Note 10)	**$**	**10,052**	$	15,820
Expenses:				
Operating costs (Note 11(a))		**11,101**		14,119
Restructuring costs (Note 11(b))		**272**		478
Depreciation of property and equipment		**1,085**		1,339
Depreciation of right of use assets		**495**		-
		12,953		15,936
Operating loss		**(2,901)**		(116)
Gain on disposal of equipment		**-**		7
Financing costs (Note 11(c))		**(2,882)**		(2,679)
Gain on modification of debt (Note 8(b))		**1,061**		-
Loss on foreign currency translation		**(76)**		(24)
Loss before income taxes		**(4,798)**		(2,812)
Income tax expense:				
Current		**(15)**		(6)
		(15)		(6)
Net loss for the period	**$**	**(4,813)**	$	(2,818)
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		**-**		(11)
Comprehensive loss for the period	**$**	**(4,813)**	$	(2,829)
Basic and diluted loss per share	**$**	**(0.28)**	$	(0.17)
Weighted average number of Class A common shares - basic and diluted (Note 12(d))		**17,268,472**		16,840,744

See accompanying notes to consolidated financial statements.

INTERMAP TECHNOLOGIES CORPORATION

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

	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	-	-	(11)	(2,818)	(2,829)
Share-based compensation	283	137	-	-	420
Balance at December 31, 2018	$ 199,917	$ 25,379	$ (154)	$ (249,564)	$ (24,422)
Comprehensive loss for the period	-	-	-	(4,813)	(4,813)
Share-based compensation	-	148	-	-	148
Balance at December 31, 2019	$ 199,917	$ 25,527	$ (154)	$ (254,377)	$ (29,087)

See accompanying notes to consolidated financial statements.

INTERMAP TECHNOLOGIES CORPORATION

Consolidated Statements of Cash Flows
(In thousands of United States dollars)

For the years ended December 31,	**2019**	2018
Operating activities:		
Net loss for the period	**$ (4,813)**	$ (2,818)
Interest paid	**(53)**	(2)
Income tax paid	**(16)**	(7)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**1,085**	1,339
Depreciation of right of use assets	**495**	-
Share-based compensation expense	**148**	420
Gain on disposal of equipment	**-**	(7)
Amortization of deferred lease inducements	**-**	(46)
Financing costs	**2,882**	2,679
Gain on modification of debt	**(1,061)**	-
Current income tax expense	**15**	6
Changes in working capital:		
Trade receivables	**2,484**	(2,705)
Unbilled revenue and prepaid expenses	**(185)**	(564)
Accounts payable and accrued liabilities	**308**	(1,213)
Unearned revenue	**648**	(978)
Gain on foreign currency translation	**(62)**	25
Cash flows provided (used) by operating activities	**1,875**	(3,871)
Investing activities:		
Purchase of property and equipment	**(1,329)**	(1,190)
Proceeds from sale of equipment	**-**	7
Cash flows used in investing activities	**(1,329)**	(1,183)
Financing activities:		
Payment of lease obligations	**(552)**	(12)
Repayment of project financing	**(50)**	-
Cash flows used in financing activities	**(602)**	(12)
Effect of foreign exchange on cash	**2**	(13)
Decrease in cash	**(54)**	(5,079)
Cash, beginning of period	**1,284**	6,363
Cash, end of period	**$ 1,230**	$ 1,284

See accompanying notes to consolidated 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 consolidated 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 year ended December 31, 2019, the Company reported an operating loss of $2,901, a net loss of $4,813, and positive cash flows from operating activities of $1,928. In addition, the Company has a shareholders' deficiency of $29,087 and negative working capital of $33,768 at December 31, 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 take actions to address these issues including exploring several 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. 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 8(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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies are summarized in Note 3.

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of May 13, 2020, the date the Board of Directors approved the consolidated financial statements.

(c) Measurement basis:

The consolidated 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 consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 8(a) – Notes Payable.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

i. Depreciation and amortization rates:

In calculating the depreciation and amortization expense, management is required to make estimates of the expected useful lives of property and equipment.

ii. Trade receivables:

The Company uses historical trends and performs specific account assessments when determining the expected credit losses. These accounting estimates are in respect to the trade receivables line item in the Company's consolidated balance sheet. At December 31, 2019, trade receivables represented 9% of total assets.

The estimate of the Company's expected credit losses could change from period to period due to the allowance being a function of the balance and composition of trade receivables.

iii. Share-based compensation:

The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of share-based compensation. The following assumptions are used in the model: dividend yield; expected volatility; risk-free interest rate; expected option life; and fair value.

Changes to assumptions used to determine the grant date fair value of share-based compensation awards can affect the amounts recognized in the consolidated financial statements.

iv. Provisions:

A provision is recognized, if because of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the future settlement were to adversely differ from management's expectations, the Company could incur either an additional expense or reversal of the expense previously recorded (see Note 3(g)).

v. Notes payable:

The Company has issued long-term promissory notes with no stated interest obligation. The valuation and accounting for the zero-interest notes is complex and requires the application of management estimates and judgments with respect to the determination of appropriate valuation method applied on initial recognition. The assumptions and models used for estimating fair value of the note transactions are disclosed in Note 8.

vi. Revenue:

Changes to the assumptions used to measure revenue could impact the amount of revenue recognized in the consolidated financial statements (see Note 3(j)).

(e) Functional and presentation currency:

These consolidated financial statements are presented in United States dollars, which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand.

(f) Foreign currency translation:

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in net loss for the period.

Assets and liabilities of entities with functional currencies other than United States dollars are translated at the period end rates of exchange, and the results of their operations are translated at exchange rates prevailing at the dates of transactions. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' deficiency.

3. Summary of significant accounting policies:

(a) Consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Intermap Technologies Inc. (a U.S. corporation); Intermap Insurance Solutions Inc. (a U.S. corporation), Intermap Technologies PTY Ltd (an Australian corporation); Intermap Technologies s.r.o. (a Czech Republic corporation); and PT ExsaMap Asia (an Indonesian corporation).

Inter-company balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of all subsidiaries are consistent with the Company’s policies.

(b) Cash:

Cash includes unrestricted cash balances.

(c) Work in process:

Work in process is measured at the lower of cost or net realizable value. When work in process is sold, the carrying amount of the work in process is recognized as an expense in the period in which the related revenue is recognized. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completing and selling expenses. The amount of any write-down of work in process to net realizable value is recognized as an expense in the period in which the write-down or loss occurs.

(d) Property and equipment:

Property and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of aircraft overhauls is capitalized and depreciated over the period until the next overhaul. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items. Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is provided on the straight-line basis over the following useful lives of the assets:

Assets	Years
Aircraft	10
Aircraft engines	7
Mapping equipment - hardware and software	3
Radar equipment	5
Furniture and fixtures	5
Leasehold improvements	Shorter of useful life or term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

Assets under construction are not depreciated until available for use by the Company. Expenditures for maintenance and repairs are expensed when incurred.

The cost of replacing an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net of costs associated with the disposal within other income in net loss for the period.

(e) 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. Lease terms range from two to five years for offices and data facilities. 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. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. 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. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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.

(f) Provisions:

A provision is recognized, if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

i. Restructuring:

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

ii. Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

(g) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Revenue recognition:

Revenue is recognized upon transfer of control of goods or services to the buyer in an amount that reflects the consideration the Company expects to receive in exchange for those good or services. The Company's goods and services are generally distinct and accounted for as separate performance obligations. Billings in excess of revenue are recorded as unearned revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

The company recognizes an asset related to the incremental costs of obtaining a contract with a customer. The Company has elected to make use of the practical expedient and will expense sales commission costs when incurred if the amortization period is less than 12 months.

i. 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 when control is transferred. Invoices are generally paid within 30 days.

ii. 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.

iii. Fixed-price 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 excess of billings is recorded as unbilled revenue.

iv. Multiple performance obligations:

When a single sales transaction requires more than one performance obligation, the total amount of consideration to be received is allocated to distinct products or services deliverables based on the stand-alone selling price of each.

(i) 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 specified criteria for deferral and amortization.

(j) Share-based compensation:

The grant date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

(k) Earnings per share:

The basic earnings per share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share, except the weighted average number of common shares outstanding are increased to include additional shares from the assumed exercise of share options and warrants, if dilutive.

(l) Financial instruments:

i. Initial measurement and classification:

Non-derivative financial assets: The Company initially recognizes trade receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

Assets at amortized cost: Trade receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

Financial liabilities at fair value through profit or loss: These include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. The Company has issued non-broker warrants that are considered to be derivative liabilities due to the warrants being exercisable in a currency (Canadian dollar) other than the Company’s functional currency (United States dollar).

Financial liabilities at amortized cost: The Company initially recognizes debt liabilities on the date that they are originated. All other financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

ii. Subsequent measurement:

Non-derivative financial assets: The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the consolidated balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Assets at amortized cost: Subsequent to initial recognition, trade receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities at fair value through profit or loss: The non-broker warrants that are considered to be derivative liabilities due to the warrants being exercisable in a currency (Canadian dollar) other than the Company's functional currency (United States dollar) are measured at fair value at each reporting date, with changes in fair value included in the consolidated statement of profit and loss and other comprehensive income for the applicable reporting period.

Financial liabilities at amortized cost: The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The following is a summary of the classification the Company has applied to each of its significant categories of financial instruments outstanding:

Financial instrument:	Classification:
Cash	Assets at amortized cost
Trade receivables	Assets at amortized cost
Unbilled revenue	Assets at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Obligations under finance leases	Financial liabilities at amortized cost
Notes payable	Financial liabilities at amortized cost
Other long-term liabilities	Financial liabilities at amortized cost

iii. Compound financial instruments:

Compound financial instruments issued by the Company comprise promissory notes denominated in United States dollars that include detachable warrants denominated in United States dollars and Canadian dollars that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity component. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

iv. Fair value measurement:

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

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

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

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

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

v. Impairment of financial assets:

Loss allowances are measured based on the lifetime expected credit losses (ECLs). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and then estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information. The Company considers a financial asset to be in default when the customer is highly unlikely to pay its obligation in full and then impairs the asset.

(m) Segments:

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

(n) Share capital:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

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

4. New and revised IFRS accounting pronouncements:

The Company adopted the following new accounting standard which is effective for the Company's consolidated financial statements commencing January 1, 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.

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 consolidated 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, 2019.

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 consolidated balance sheet as of December 31, 2019 of adopting IFRS 16 is summarized below:

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

	As reported	IFRS 16 Adjustments	Without IFRS 16 Adjustments
Assets			
Right of use assets	$ 406	$ (406)	$ -
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Current portion of deferred lease inducements	-	27	27
Lease obligations, right of use assets	369	(369)	-
Obligations under finance leases	-	41	41
Long-term liabilities			
Deferred lease inducements	-	17	17
Lease obligations, right of use assets	96	(96)	-
Obligations under finance leases	-	79	79
Shareholders' deficiency:			
Deficit	(254,377)	(105)	(254,482)

The impact on the statement of loss and other comprehensive income for the year ended December 31, 2019 of adopting IFRS 16 is summarized below:

For the twelve months ended December 31,	As reported	IFRS 16 Adjustment	Without IFRS 16 Adjustments
Expenses:			
Operating costs	$ 11,101	$ 654	$ 11,755
Depreciation of right of use assets	495	(495)	-
Financing costs	(2,882)	54	(2,828)
Loss before income taxes	(4,813)	(105)	(4,918)

5. 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, 2017	$ 468	$ 3,549	$ 8	$ 29	$ 406	$ 4,460
Additions	102	104	9	29	946	1,190
Transfer from under construction	30	131	-	86	(247)	-
Depreciation	(363)	(927)	(6)	(43)	-	(1,339)
Balance at December 31, 2018	$ 237	$ 2,857	$ 11	$ 101	$ 1,105	$ 4,311
Additions	2	4	1	-	1,322	1,329
Transfer from under construction	191	230	-	-	(421)	-
Depreciation	(140)	(893)	(5)	(47)	-	(1,085)
Balance at December 31, 2019	$ 290	$ 2,198	$ 7	$ 54	$ 2,006	$ 4,555

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

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	$ 11,276	$ 31,460	$ 389	$ 1,074	$ 2,006	$ 46,205
Accumulated depreciation	(10,986)	(29,262)	(382)	(1,020)	-	(41,650)
Balance at December 31, 2019	$ 290	$ 2,198	$ 7	$ 54	$ 2,006	$ 4,555

During the twelve months ended December 31, 2019, the Company disposed of assets with an original cost of $Nil (December 31, 2018 - $141) and a net book value of $Nil (December 31, 2018 - $Nil) and recognized a gain of $Nil (December 31, 2018 - $7) on those assets and received cash proceeds of $Nil (December 31, 2018 - $7).

6. Right of use assets:

		December 31, 2019
Balance at January 1, 2019 (note 4(a))	$	781
Depreciation		(495)
New leases		120
	$	406

7. Accounts payable and accrued liabilities:

		December 31, 2019		December 31, 2018
Accounts payable	$	1,383	$	1,118
Accrued liablities		1,702		1,709
Other taxes payable		-		9
	$	3,085	$	2,836

During the twelve months ended December 31, 2019, the Company reversed excess vendor payables of $37 (December 31, 2018 - $222) and accrued liabilities of $35 (December 31, 2018 - $223) recorded in prior years based on IFRS 9 derecognition of financial liabilities as the liabilities have expired.

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

8. Financial liabilities:

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities and balances at December 31, 2019 and 2018:

	Notes Payable	Project Financing	Lease Obligations	Total
Balance at December 31, 2017	$ 26,496	$ 1,494	$ 24	$ 28,014
Changes from financing activities:				
Payment of lease obligations	-	-	(12)	(12)
Total changes from financing activities	-	-	(12)	(12)
Foreign exchange	-	(14)	-	(14)
Other changes:				
Financing costs	2,569	108	2	2,679
Balance at December 31, 2018	$ 29,065	$ 1,588	$ 14	$ 30,667
Adoption of new accounting policy (note 4(a))	-	-	877	877
Changes from financing activities:				
Payment of lease obligations	-	-	(552)	(552)
Repayment of project financing	-	(50)	-	(50)
Total changes from financing activities	-	(50)	(552)	(602)
Foreign exchange	-	7	5	12
Other changes:				
Financing costs	2,819	-	54	2,873
Interest paid	-	-	(53)	(53)
Gain on modification of debt	-	(1,061)	-	(1,061)
New leases	-	-	120	120
Balance at December 31, 2019	$ 31,884	$ 484	$ 465	$ 32,833

(a) Notes payable:

The following table details the liability and equity components of each note payable balance at December 31, 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	584	158	7,184	7,926
Current portion of notes payable	$ 2,948	$ -	$ 28,936	$ 31,884

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

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 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 twelve months ending December 31, 2019, $2,592 (twelve months ending December 31, 2018 – $2,359) 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 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 twelve months ending December 31, 2019, $227 (twelve months ending December 31, 2018 – $210) 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 and the terms of the Agreement are 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;

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

- 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. On November 15, 2019, the Company agreed to settle the balance for $350. As of December 31, 2019, the Company paid $50, and recognized a gain on the settlement of the note of $1,061.

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.

		December 31, 2019		December 31, 2018
Promissory note payable	**$**	**300**	$	1,411
Reimbursable project funding		**184**		177
		484		1,588
Less current portion		**(300)**		(1,411)
Long-term portion of project financing	**$**	**184**	$	177

9. 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 December 30:

2020	$	399
2021		44
2022		44
	$	487

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

Interest expense on lease obligations for the twelve months ended December 31, 2019 was $54. Total cash outflow for leases was $915, including $363 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 payments of $119 for the year ending December 31, 2020.

10. Revenue:

Details of revenue are as follows:

For the twelve months ended December 31,		**2019**		2018
Acquisition services	**$**	**6,925**	$	8,699
Value-added data		**797**		4,735
Software and solutions		**2,330**		2,386
	$	**10,052**	$	15,820
Primary geographical market				
United States	**$**	**5,987**	$	10,636
Asia/Pacific		**2,390**		3,368
Europe		**1,675**		1,816
	$	**10,052**	$	15,820
Timing of revenue recognition				
Upon delivery	**$**	**1,100**	$	5,168
Services overtime		**8,952**		10,652
	$	**10,052**	$	15,820

Changes in the unbilled revenue balance are as follows:

For the twelve months ended December 31,		**2019**		2018
Unbilled revenue, beginning of period	**$**	**421**	$	65
Increase in unbilled revenue recognized		**6,943**		6,056
Amounts invoiced included in the beginning balance		**(421)**		(65)
Amounts invoiced in the current period		**(6,533)**		(5,634)
Foreign exchange		**-**		(1)
Unbilled revenue, end of period	**$**	**410**	$	421

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

Changes in the unearned revenue balance are as follows:

For the twelve months ended December 31,		2019		2018
Unearned revenue, beginning of period	**$**	**626**	$	1,604
Recognition of unearned revenue included in the beginning balance		**(607)**		(1,604)
Recognition of unearned revenue in the current period		**(958)**		(3,668)
Amounts invoiced and revenue unearned		**2,214**		4,298
Foreign exchange		**(1)**		(4)
Unearned revenue, end of period	**$**	**1,274**	$	626

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the expected benefit of those costs is longer than one year. The Company determined that certain commissions paid to sales employees meet the requirement to be capitalized. Total capitalized cost included in prepaid expenses and other assets to obtain contracts at December 31, 2019 was $61 (2018 – $16).

11. Operating and non-operating costs:

(a) Operating costs:

For the twelve months ended December 31,		2019		2018
Personnel	**$**	**5,795**	$	8,198
Purchased services & materials(1)		**4,169**		3,885
Travel		**355**		471
Facilities and other expenses		**782**		1,565
	$	**11,101**	$	14,119

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

(b) Restructuring costs:

During the twelve months ended December 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 (twelve months ended December 31, 2018 - $478).

(c) Financing costs:

For the twelve months ended December 31,		2019		2018
Accretion of discounts recognized on notes payable	**$**	**2,819**	$	2,569
Interest on lease obligations		**54**		2
Interest on accounts payable		**9**		-
Interest on project financing		**-**		108
	$	**2,882**	$	2,679

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

12. Share capital:

(a) Authorized:

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

(b) Issued:

	December 31, 2019			December 31, 2018		
Class A common shares	Number of Shares		Amount	Number of Shares		Amount
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.

(c) Contributed surplus:

		December 31, 2019		December 31, 2018
Balance, beginning of period	$	25,379	$	25,242
Share-based compensation		148		137
Balance, end of period	$	25,527	$	25,379

(d) Loss per share:

The calculation of loss per share is based on the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they are not included in the calculation of diluted loss per share. The Company has incurred a net loss for each period presented and the inclusion of 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 1,180,575 outstanding share options, 1,050,400 restricted share units (RSUs) and 546,456 outstanding warrants could potentially dilute earnings.

(e) 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 12(f)), and all options issued and outstanding at that time will remain until such time they are exercised, expired or forfeited.

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

As of December 31, 2019, 1,180,575 share options are issued and outstanding. No additional options will be issued under this plan.

The following tables summarize information regarding share options outstanding:

	December 31, 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	**(81,376)**		**3.25**	(56,752)		2.26
Forfeitures	**(22,126)**		**0.89**	(55,250)		0.89
Options outstanding, end of period	**1,180,575**	**$**	**0.89**	1,284,077	$	1.04
Options exercisable, end of period	**1,018,989**	**$**	**0.91**	931,487	$	1.13

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.70	790,212	7.28 years	636,876
0.80	291,732	6.88 years	291,732
1.70	2,500	0.62 years	2,500
2.30	12,381	1.63 years	12,381
2.70	33,000	2.38 years	24,750
2.90	50,750	0.22 years	50,750
	1,180,575	6.61 years	1,018,989

During the twelve months ended December 31, 2019 and 2018, the estimated forfeiture rate was 10.36%. During the twelve months ended December 31, 2019, the Company recognized $40 (twelve months ended December 31, 2018 – $98) of non-cash compensation expense related to the share option plan.

(f) 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, which provided for shares to be issued to employees and directors as compensation for services. . 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 December 31, 2019, 1,180,575 (2018 – 1,284,077) share options and 1,050,400 RSUs (2018 – 430,200) are issued and outstanding. In addition, 872,183 Class A common shares were issued in the prior year (see Note 12(b)) under the plan, leaving 260,473 awards remain available for future issuance.

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

The following tables summarize information regarding RSUs outstanding:

	December 31, 2019	December 31, 2018
	Number of RSUs	Number of RSUs
RSUs outstanding, beginning of period	**430,200**	-
Issued	**655,000**	481,700
Forfeitures	**(34,800)**	(51,500)
RSUs outstanding, end of period	**1,050,400**	430,200

During the twelve months ended December 31, 2019, 655,000 RSUs (twelve months ended December 31, 2018 – 481,700) were issued at a weighted average grant date fair value of C$0.24 (December 31, 2018 – C$0.37) per share. During the twelve months ended December 31, 2019, the Company recognized $108 (twelve months ended December 31, 2018 - $39) of non-cash compensation expense related to the RSUs.

(g) 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 twelve months ended December 31,		**2019**		2018
Employees	**$**	**88**	$	137
Directors and advisors		**60**		283
Non-cash compensation	**$**	**148**	$	420

13. 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 December 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 and 2019 $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.

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

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.

14. Income Taxes:

(a) Current tax (expense) recovery:

December 31		2019		2018
Current period	$	(15)	$	(6)
Adjustment for prior periods		-		-
	$	**(15)**	$	(6)

(b) Reconciliation of effective tax rate:

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:

December 31,		2019		2018
Losses, excluding income tax	**$**	**(4,798)**	$	(2,812)
Tax rate		**27.0%**		27.0%
Expected Canadian income tax recovery	**$**	**1,295**	$	760
Decrease resulting from:				
Change in unrecognized temporary differences		**(515)**		(242)
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries		**(39)**		5
Non-deductible expenses and non-taxable income		**(28)**		(143)
Adjustment for prior years income tax matters		**(729)**		(414)
Other		**1**		28
	$	**(15)**	$	(6)

(c) Recognized deferred tax assets and liabilities:

Deferred 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. Deferred tax assets and liabilities recognized at December 31, 2019 and 2018, are as follows:

	Assets		Liabilities		Net	
December 31,	2019	2018	2019	2018	2019	2018
Property and equipment	**$ -**	$ -	**$ 288**	$ 224	**$ 288**	$ 224
Note payable	**-**	-	**548**	1,309	**548**	1,309
Tax loss carryforwards	**(836)**	(1,533)	**-**	-	**(836)**	(1,533)
Tax (assets) liabilities	**$ (836)**	$ (1,533)	**$ 836**	$ 1,533	**$ -**	$ -
Set off of tax	**836**	1,533	**(836)**	(1,533)	**-**	-
Net tax (assets) liabilities	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -

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

(d) Unrecognized deferred tax assets:

Deferred tax assets have not been recognized in respect of the following items:

December 31		2019		2018
Deductible temporary differences	$	20,340	$	20,046
Tax loss carryforwards		218,833		216,891
	$	239,173	$	236,937

The deferred tax asset is recognized when it is probable that future taxable profit will be available to utilize the benefits. The Company has not recognized deferred tax assets with respect to these items due to the uncertainty of future Company earnings.

Loss carry forwards:

At December 31, 2019, approximately $222,034 of loss carry forwards and $2,714 of tax credits were available in various jurisdictions. At December 31, 2019 $3,201 of loss carry forwards were recognized as a deferred tax asset. A summary of losses by year of expiry are as follows:

Twelve months ended December 31,		
2020	$	2,812
2022-2039		216,994
Indefinite		2,228
	$	222,034

(e) Movement in deferred tax balances during the year:

		Balance at December 31, 2018		Recognized in Profit and Loss		Recognized in Equity		**Balance at December 31, 2019**
Property and equipment	$	224	$	64	$	-	$	**288**
Note payable		1,309		(761)		-		**548**
Tax loss carryforwards		(1,533)		697		-		**(836)**
Net tax (assets) liabilities	$	-	$	-	$	-	$	**-**

15. 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 10.

Property and equipment of the Company are located as follows:

		December 31, 2019		December 31, 2018
United States	$	4,399	$	3,528
Canada		75		691
Europe		38		21
Asia/Pacific		43		71
	$	4,555	$	4,311

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

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

Year ended December 31,		2019		2018
Customer A	$	**4,833**	$	8,709
Customer B		**2,092**		-
Customer C		**-**		1,800
	$	**6,925**	$	10,509

16. 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. This note presents information about the Company's exposure to each of the risks as well as the objectives, policies and processes for measuring and managing those risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of outstanding trade receivables and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Approximately 69 percent of the Company's revenue is attributable to transactions with two key customers (year ended December 31, 2018 – 67 percent of the revenue was attributable to two key customers), approximately 1 percent of the Company's trade receivables at year end are attributable to customers located in Asia/Pacific (December 31, 2018 – approximately 54 percent), and approximately 22 percent of the Company's trade receivables at year end are attributable to customers located in Europe (December 31, 2018 – approximately 7 percent).

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

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

A significant portion of the Company's customers have transacted with the Company in the past or are reputable large Companies and losses have occurred infrequently.

The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

i. Trade receivables

Expected credit losses are made on a customer-by-customer basis. All write downs against receivables are recorded within sales, general and administrative expense in the statement of operations. The Company is exposed to credit-related losses on sales to customers outside North America due to potentially higher risks of collectability.

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

	December 31, 2019	December 31, 2018
Trade receivables	**$ 703**	$ 3,207
Other miscellaneous receivables	**38**	14
	$ 741	$ 3,221

Trade receivables by geography consist of:

	December 31, 2019	December 31, 2018
United States	**$ 524**	$ 907
Europe	**152**	230
Canada	**18**	350
Asia/Pacific	**9**	1,720
	$ 703	$ 3,207

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

	December 31, 2019	December 31, 2018
Current	**$ 682**	$ 3,062
31-60 days	**20**	118
61-90 days	**1**	17
Over 91 days	**-**	10
	$ 703	$ 3,207

The balance of the past due amounts relates to reoccurring customers and are considered collectible.

ii. Investments in securities

The Company manages its credit risk surrounding cash by dealing solely with what management believes to be reputable banks and financial institutions and limiting the allocation of excess funds into financial instruments that management believes to be highly liquid, low risk investments. The balance at December 31, 2019, is held in cash at banks within the United States, Canada, Europe, Asia, and Australia to facilitate the payment of operations in those jurisdictions.

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

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

i. Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the Canadian dollar, Euro, British pound, Indonesian rupiah, Czech Republic koruna, Malaysian ringgit and Australian dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the United States dollar, which is the functional currency of the Company and most its subsidiaries.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The balances in foreign currencies at December 31, 2019, are as follows:

(in USD)	Australian Dollar	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna
Cash	$ -	$ 22	$ -	$ -	$ 16	$ 27
Trade receivables	-	18	43	46	3	43
Accounts payable and accrued liabilities	(2)	(325)	(27)	-	(129)	(117)
	$ (2)	$ (285)	$ 16	$ 46	$ (110)	$ (47)

The balances in foreign currencies at December 31, 2018, are as follows:

(in USD)	Australian Dollar	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna
Cash	$ 1	$ 12	$ -	$ -	$ 3	$ 28
Trade receivables	-	1	39	100	-	87
Accounts payable and accrued liabilities	-	(549)	(31)	-	139	(139)
	$ 1	$ (536)	$ 8	$ 100	$ 142	$ (24)

Based on the net exposures at December 31, 2019 and 2018, and if all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the following currencies would result in an increase / (decrease) in net earnings by the amounts shown below:

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

December 31, 2019		**Australian Dollar**		**Canadian Dollar**		**Euro**		**British Pound**		**Indonesian Rupiah**		**Czech Republic Koruna**
United States dollar:												
Depreciates 10%	$	-	$	29	$	(2)	$	(5)	$	11	$	5
Appreciates 10%		-		(29)		2		5		(11)		(5)

December 31, 2018		Australian Dollar		Canadian Dollar		Euro		British Pound		Indonesian Rupiah		Czech Republic Koruna
United States dollar:												
Depreciates 10%	$	-	$	54	$	(1)	$	(10)	$	14	$	2
Appreciates 10%		-		(54)		1		10		(14)		(2)

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not have any debt instruments outstanding with variable interest rates at December 31, 2019, or December 31, 2018.

Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No currency hedging relationships have been established for the related monthly interest and principal payments.

The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing capital is to ensure, as far as possible, that it will have sufficient liquidity to meets its obligations.

The Company manages its liquidity risk by evaluating working capital availability and forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2019, the Company has a cash balance of $1,230 (December 31, 2018 – $1,284) and working capital of negative $33,768 (December 31, 2018 –positive $576).

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

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2019:

	Payment due:				
	In less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years
Accounts payable and accrued liabilities	2,857	98	130	-	-
Notes Payable	-	-	33,914	-	-
Project financing	90	90	120	184	-
Lease obligations	161	151	90	44	40
	$ 3,108	$ 339	$ 34,254	$ 228	$ 40

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2018:

	Payment due:				
	In less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years
Accounts payable and accrued liabilities	2,597	72	167	-	-
Notes Payable	-	-	-	33,914	-
Project financing	1,411	-	-	177	-
Lease obligations	3	3	6	3	-
	$ 4,011	$ 75	$ 173	$ 34,094	-

(d) Capital risk

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

The Company includes shareholders' deficiency, long-term notes payable, long-term portion of project financing and long-term portion of lease obligations in the definition of capital. Total capital at December 31, 2019, was negative $28,807 (December 31, 2018 – positive $4,823). To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics, acquire or dispose of assets, or adjust the amount of cash and short-term investment balances held.

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

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

17. Fair values:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the Consolidated Balance Sheet:

	December 31, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Loans and receivables:				
Cash	**$ 1,230**	**$ 1,230**	$ 1,284	$ 1,284
Amounts receivable	**741**	**741**	3,221	3,221
	$ 1,971	**$ 1,971**	$ 4,505	$ 4,505
Financial liabilities				
Other financial liabilities:				
Notes payable	**31,884**	**31,798**	29,065	28,024
Accounts payable and accrued liabilities	**3,085**	**3,085**	2,836	2,836
	$ 34,969	**$ 34,883**	$ 31,901	$ 30,860

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.

18. Key management personnel and director compensation:

The Company's compensation program specifically provides for total compensation for executive officers, which is a combination of base salary, performance-based incentives and benefit programs that reflect aggregated competitive pay considering business achievement, fulfillment of individual objectives and overall job performance. Executive officers participate in the Company's omnibus plan (Note 12(f)).

The compensation of non-employee directors consists of a cash component and a share component. Directors participate in the Company's omnibus plan (Note 12(f)).

The following summarizes key management personnel and directors' compensation for the years ended December 31, 2019 and 2018:

Year ended December 31,	**2019**	2018
Compensation and benefits	**$ 1,239**	$ 2,024
Post-employment benefits	**-**	43
Share-based compensation	**88**	226
	$ 1,327	$ 2,293

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

The following summarizes key management personnel and directors share ownership of the Company as of December 31, 2019, and 2018:

December 31,	**2019**	2018
Number of Class A Common shares held	**6,308,492**	657,488
Percentage of total Class A Common shares issued	**36.53%**	3.81%

19. Subsequent events:

Subsequent to yearend, a global pandemic caused by the spread of COVID-19 resulted in a major global health crisis, which continues to have impacts on the global economy and the financial markets as of the date of completion of these financial statements. Although the Company remains fully operational and continues to execute on existing contracts, these events will potentially have an adverse impact on the company's customers and will impact future operations. These events may also have an impact on the Company's access to capital markets. The Company has taken and will continue to take action to minimize the impact, including obtained funding as discussed below; however, it is impossible to determine the financial implications at this time.

On May 7, 2020, the Company received loan proceeds of approximately $562 under the Paycheck Protection Program (PPP) in the United States. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP.