Management's Discussion and Analysis

For the quarter ended June 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 August 13, 2019 and should be read together with the Company's unaudited Condensed Consolidated Interim Financial Statements and the accompanying notes for the three and six months ended June 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 June 30, **2019**	Three months ended June 30, 2018	Six months ended June 30, **2019**	Six months ended June 30, 2018
Revenue:				
Acquisition services	**$ 1.1**	$ 2.8	**$ 1.2**	$ 4.7
Value-added data	**0.3**	1.1	**0.5**	2.0
Software and solutions	**0.5**	0.6	**1.1**	1.2
Total revenue	**$ 1.9**	$ 4.5	**$ 2.8**	$ 7.9
Operating (loss) income	**$ (1.5)**	$ 0.3	**$ (3.7)**	$ 0.3
Financing costs	**$ (0.7)**	$ (0.7)	**$ (1.4)**	$ (1.3)
Net loss	**$ (2.2)**	$ (0.4)	**$ (5.2)**	$ (1.0)
EPS basic and diluted	**$ (0.13)**	$ (0.02)	**$ (0.30)**	$ (0.06)
Adjusted EBITDA	**$ (0.8)**	$ 0.9	**$ (2.6)**	$ 1.3

Assets:	**June 30, 2019**	June 30, 2018
Cash, trade receivables, unbilled revenue	**$ 2.6**	$ 5.7
Total assets	**$ 8.2**	$ 10.8
Liabilities:		
Long-term liabilities (including finance lease obligations	**$ 30.7**	$ 28.0
Total liabilities	**$ 37.7**	$ 33.4

Revenue

Quarterly Revenue

Consolidated revenue for the quarter ended June 30, 2019 totaled $1.9 million, compared to $4.5 million for the same period in 2018. Approximately 26% of consolidated revenue was generated outside the United States, compared to 29% for 2018.

Acquisition services revenue for the quarter ended June 30, 2019 totaled $1.1 million, compared to $2.8 million for the same period in 2018. The decrease is due to the timing of the execution a U.S. Government contract which was 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, pushing the majority of the related revenue recognition in 2019 into the third quarter, compared to 2018.

Value-added data revenue for the quarter ended June 30, 2019 was $0.3 million, a 71% decrease from $1.1 million for the same period in 2018. The decrease is due to the completion of a multi-year contract with an Asian Pacific government customer which concluded in 2018, without a similar size opportunity during the second quarter of 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 decreased slightly to $0.5 million from $0.6 million for the quarter ended June 30, 2019 and 2018, respectively. The Company recognized a 29% 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 $7.9 million during the six months ended June 30, 2018 to $2.8 million during the same period in 2019. Approximately 34% of consolidated revenue was generated outside the United States, compared to 30% for 2018.

Acquisition services revenue for the six-month period ended June 30, 2019 totaled $1.2 million, compared to $4.7 million for the same period in 2018. The decrease is due to the timing of the execution of a U.S. Government contract which was 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 six-months ended June 30, 2019 was $0.5 million, a decrease from the same period in 2018 which was $2.0 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.

Software and solutions revenue remained relatively flat at $1.1 million for the six-month period ended June 30, 2019 from $1.2 million for the six-month period ended June 30, 2018. The Company recognized a 28% 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 June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Personnel	**$ 1.5**	$ 2.2	**$ 3.0**	$ 4.3
Purchased services & materials	**1.0**	1.2	**1.9**	1.7
Facilities and other expenses	**0.2**	0.4	**0.4**	0.7
Travel	**-**	0.1	**0.1**	0.3
	$ 2.7	$ 3.9	**$ 5.4**	$ 7.0

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions. Personnel expense for the quarters ended June 30, 2019 and 2018, totaled $1.5 million and $2.2 million, respectively. For the six-month periods ended June 30, 2019 and 2018, personnel expense was $3.0 million and $4.3 million, respectively. The 31% year-over-year decrease in personnel expense is primarily due to personnel restructuring activities that occurred during the second half of 2018.

As of June 30, 2019, 49% of the headcount relates to software and data development, 24% 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 June 30, 2019 and 2018, decreased to $24 thousand from $312 thousand, respectively. For the six-month periods ended June 30, 2019 and 2018, non-cash compensation expense was $56 thousand and $365 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 June 30, 2019 and 2018, PS&M expense was $1.0 million and $1.2 million, respectively. The decrease was due to decreased expenses on acquisition projects. For the six-month periods ended June 30, 2019 and 2018, PS&M expense was $1.9 million and $1.7, 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 June 30, 2019 and 2018, facilities and other expenses were $0.2 million and $0.4 million, respectively. For the six-month periods ended June 30, 2019 and 2018, facilities and other expenses were $0.4 million and $0.7 million, respectively. The decrease for both periods was due to the adoption of IFRS 16, 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 June 30, **2019**	2018	Six months ended June 30, **2019**	2018
Net loss	**$ (2.2)**	$ (0.4)	**$ (5.1)**	$ (1.0)
Financing costs	**0.7**	0.7	**1.4**	1.3
Depreciation of property and equipment	**0.3**	0.3	**0.6**	0.6
Depreciation of right of use assets	**0.1**	-	**0.2**	-
EBITDA	**$ (1.1)**	$ 0.6	**$ (2.9)**	$ 0.9
Share-based compensation	**-**	0.3	**-**	0.4
Restructuring costs	**0.3**	-	**0.3**	-
Adjusted EBITDA	**$ (0.8)**	$ 0.9	**$ (2.6)**	$ 1.3

Adjusted EBITDA for the quarter ended June 30, 2019 was negative $0.8 million, compared to positive $0.9 million for the same period in 2018. Adjusted EBITDA for the six-month period ended June 30, 2019 was negative $2.6 million, compared to positive $1.3 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 June 30, 2019 totaled $0.7 million (six-month period $1.4 million) compared to $0.7 million (six-month period $1.3 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 second quarter of 2019, the Company recognized $14 thousand (six-month period $32 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 June 30, 2019 and 2018 were $0.3 million for both periods. Depreciation expense for property and equipment for the six-months ended June 30, 2019 and 2018 were $0.6 million for both periods.

Depreciation of Right of Use Assets

With the implementation of IFRS 16 on January 1, 2019, the Company recognized $0.1 million of depreciation expense for right of use assets for the quarter ended June 30, 2019 (six-month period $0.2 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 June 30, 2019, a foreign currency translation loss of $35 thousand (six-month period $61 thousand) was recorded, compared to a loss of $12 thousand (six-month period $33 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 $1.8 million at June 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 $3.3 million at June 30, 2019, from $2.8 million at December 31, 2018.

U.S. $ millions		**June 30, 2019**		December 31, 2018
Accounts payable	$	1.4	$	1.1
Accrued liablities		1.9		1.7
	$	3.3	$	2.8

Notes Payable

The increase in the notes payable balance from December 31, 2018 of $29.1 million to $30.4 million at June 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 June 30, 2019 was $1.6 million, the same as December 31, 2018.

Unearned Revenue and Deposits

The unearned revenue balance at June 30, 2019 increased to $1.7 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 June 30, 2019 and December 31, 2018, 41% 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	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	**Q2 2019**
Total revenue	$ 6.3	$ 5.9	$ 3.4	$ 4.5	$ 3.7	$ 4.2	$ 0.8	**$ 1.9**
Depreciation	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.4	$ 0.3	$ 0.4	**$ 0.4**
Financing costs	$ 0.6	$ 0.6	$ 0.6	$ 0.7	$ 0.6	$ 0.8	$ 0.7	**$ 0.7**
Operating income (loss)	$ 1.8	$ 1.2	$ -	$ 0.3	$ (0.5)	$ 0.1	$ (2.2)	**$ (1.5)**
Net income (loss)	$ 1.1	$ 0.5	$ (0.6)	$ (0.4)	$ (1.2)	$ (0.6)	$ (2.9)	**$ (2.2)**
Net income (loss) per share - basic and diluted (1)	$ 0.07	$ 0.04	$ (0.04)	$ (0.02)	$ (0.07)	$ (0.04)	$ (0.17)	**$ (0.13)**
Adjusted EBITDA	$ 2.1	$ 1.9	$ 0.4	$ 0.9	$ 0.4	$ 0.4	$ (1.8)	**$ (0.8)**

(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 and deposits; (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 June 30, 2019, the Company generated operating loss of $1.5 million (six-month period loss $3.7 million) and incurred negative adjusted EBITDA of $0.8 million (six-month period negative $2.6 million). Revenue for the six-months ended June 30, 2019 was $2.8 million, which represents a $5.1 million decrease in revenue for the same period in 2018. At June 30, 2019, the Company has a shareholders' deficiency of $29.6 million that was generated by current and prior years' accumulated losses.

Cash provided by operations during the six-months ended June 30, 2019 totaled $0.7 million, compared to cash used in operations of $3.3 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 $0.8 million for both six-month periods ended June 30, 2019 and 2018. 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 $299 thousand for the six-month period ended June 30, 2019 compared to $6 thousand for the same period in 2018. The net cash used during the six-month period ended June 30, 2019 resulted from the payment of lease obligations of $293 thousand and the repayment of finance leases of $6 thousand. The net cash used during the six-month period ended June 30, 2018 was the repayment of finance leases of $6 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, access to equity capital markets is severely constrained and the current share price is significantly depressed. The cash position of the Company at June 30, 2019 was $0.9 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 have taken actions 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 a term sheet and is entering the final stages of a financing arrangement that will meet the requirements of the Vertex conversion. There can be no assurance that the 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. The Company may not be able to meet its future obligations if it is unable to secure additional capital or complete a strategic alternative transaction.

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 June 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 June 30, 2019 and the condensed consolidated interim statement of loss and other comprehensive income for the three and six months ended June 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 August 13, 2019, 17,268,472 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of August 13, 2019, potential dilutive securities include (i) 1,208,076 outstanding share options with a weighted average exercise price of C$0.90, (ii) 410,400 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 March 31, 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.