INTERMAP®

Intermap Technologies Corporation
First Quarter Ended March 31, 2014

CORPORATE HEADQUARTERS

Intermap Technologies, Inc.
8310 South Valley Highway
Suite 400
Englewood, CO USA
80112-5809
Phone: +1 303-708-0955
Fax: +1 303-708-0952

Stock Exchange
Intermap stock is listed on the Toronto Stock Exchange under the symbol “IMP.”

OTHER OFFICES

Intermap Technologies Corp.
840–6th Avenue SW
Suite 200
Calgary, AB T2P 3E5 Canada
Phone: +1 403-266-0900
Fax: +1 403-265-0499

PT. ExsaMap Asia
Plaza City View, 2nd Floor
Jl. Kemang Timur No.22
Pejaten Barat, Jakarta
Selatan 12510
Phone: +62 21 719 3808
Fax: +62 21 719 3818

Intermap Technologies s.r.o.
Novodvorska 1010/14
142 00 Praque 4
Czech Republic
Phone: +420 261 341 411
Fax: +420 261 341 414

Intermap Reports 2014 First Quarter Financial Results

All amounts are in United States dollars unless otherwise noted.

Intermap reported total revenue of $2.1 million for the first quarter of 2014, compared to $5.1 million recorded in the same period of 2013. Net loss for the first quarter of 2014 was $3.8 million, or ($0.04) per share, compared to a net loss of $2.0 million, or ($0.03) per share, for the first quarter of 2013. First quarter adjusted EBITDA, a non IFRS financial measure, was a loss of $3.6 million, an increase from an adjusted EBITDA loss of $0.1 million for the same period in 2013. Adjusted EBITDA excludes restructuring costs, share-based compensation, gain or loss on the disposal of equipment, and gain or loss on foreign currency translation.

"Our focus for the quarter was the further development of our 3DBI® software applications. Major progress was achieved with all three of our applications - AdPro®, InsitePro™ and GeoPro™. These products address a combined worldwide market more than $1 billion annually, and each of these applications have unique geospatial advantages," said Todd Oseth, President & CEO of Intermap. "Our AdPro application now includes key analytics from the Traffic Audit Bureau (TAB) for Media Management, the industry backed entity that creates key metrics for the outdoor advertising market. Our InsitePro product represents the further transformation of our insurance risk assessment application and now includes a new user interface, the ability to analyze thousands of locations at once, and the integration of a new world-wide flood model."

Mr. Oseth added, "In addition to the progress with our 3DBI software applications, we continue to have success expanding our professional services offerings with new contracts that allow us to create value added products for our customers through the use of third party sensors and our class leading aggregation and data processing capabilities. We also report progress towards the closing of an Orion Platform™ spatial data infrastructure contract. These contracts are complicated and typically carry long sales cycles due to the magnitude of the contracts, politics, budget timing and funding mechanisms. We are optimistic that we will be able to announce the signing of one or more of these contracts this year."

FINANCIAL REVIEW

Consolidated revenue for the first quarter of 2014 totaled $2.1 million and included (i) $0.9 million in mapping services, (ii) $0.4 million in professional services, (iii) $0.6 million in data licensing, and (iv) $0.2 million in 3DBI software licensing. For the same period in 2013, consolidated revenue totaled $5.1 million and included (i) $4.0 million in mapping services, (ii) nil in professional services, (iii) $1.0 million in data licensing, and (iv) $0.1 million in 3DBI software licensing. During the first quarter of last year, $4.0 million of mapping services revenue was recognized on a new $15.0 million contract that was closed during that quarter. No similar sized contract was closed during the first quarter of the current year. Contract backlog at the end of the quarter totaled $0.4 million.

For the first quarter of 2014, personnel expense was $3.2 million, compares to $3.3 million last year. The decrease was primarily due to reduced commission expense consistent with decreased revenue recognized on a year-over-year basis.

For the first quarter of 2014, purchased services and materials expense was $1.6 million, compared to $1.0 million recognized during the same period last year. The increase in this category of expense is primarily due to increased subcontractor costs associated with the Company's software development activities, and secondarily from the use of contractors used for third-party data collection services associated with the Company's professional services business. Purchased services and materials includes (i) aircraft 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 data collection activities, and (iv) software expenses (including maintenance and support).

The cash position of the Company at March 31, 2014 (cash and cash equivalents) was $5.7 million, compared to $2.4 million at December 31, 2013. Amounts receivable and unbilled revenue at March 31, 2014 was $4.4 million, compared to $6.6 million at December 31, 2013. Working capital was $0.5 million at March 31, 2014, compared to $3.9 million at December 31, 2013 (see "Intermap Reader Advisory" below).

Detailed financial results and management's discussion and analysis can be found on SEDAR at: www.sedar.com.

FIRST QUARTER BUSINESS HIGHLIGHTS

- Intermap announced that its NEXTMap® World 30™ product surpassed sales of $1.2 million during 2013, more than 15 times the prior year's sales. World 30 is the world's first and only seamless digital map of the entire earth with a global accuracy of 7-meters. The latest version of the World 30 product is up to three times more accurate than competing global Digital Elevation Models (DEMs) such as NASA's Shuttle Radar Topography Mission (SRTM) data, and Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) Global Digital Elevation Model (GDEM). The World 30 dataset integrates seamlessly with Intermap's Orion Platform and provides a foundation data layer for the Company's web-based 3DBI applications including flood planning, advertising, telecommunications, and risk management. World 30 enables the immediate delivery of the Company's 3DBI applications anywhere in the world.
- Intermap announced that it completed a private placement convertible debt financing for aggregate proceeds of US $5.0 million. The debt financing matures 12 months from the date of issuance and the principal amount is convertible into 12,367,054 common shares of the Company at each of the Holder's option. Simple interest is payable at maturity at a rate of 16.0%. If the principal amount is converted into common shares, any interest payable on such principal amount shall be forgiven. In addition, an aggregate of 3,091,572 warrants were issued to a holder of the convertible debt entitling such holder to purchase up to 3,091,572 common shares at a price of C$0.56 per share. The warrants expire in three years and are subject to adjustment in certain events.

The debt financing is subject to a prepayment right by the Company at 116% of the principal amount at any time following six months from the date of closing, subject to a 60 day notice period and each of the holder's right to exercise its conversion rights during any such notice period.

The proceeds of the debt financing will be used by the Company to accelerate the development and market introduction of its InsitePro and GeoPro 3DBI software products for governments, enterprises and consumers.

As of May 14, 2014, there were 91,613,401 common shares outstanding.

Important factors, including those discussed in the Company's regulatory filings (www.sedar.com) could cause actual results to differ from the company's expectations and those differences may be material. Detailed financial results and management's discussion and analysis can be found on SEDAR at: www.sedar.com.

Adjusted EBITDA is not a recognized performance measure under GAAP and does not have a standardized meaning prescribed by IFRS. The term EBITDA consists of net income (loss) and excludes interest, taxes, depreciation, and amortization. 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 that are nonrecurring. The most directly comparable measure to adjusted EBITDA calculated in accordance with IFRS is net income (loss).

Intermap Reader Advisory

Certain information provided in this news release constitutes forward-looking statements. The words "anticipate", "expect", "project", "estimate", "forecast" and similar expressions are intended to identify such forward-looking statements. Although Intermap believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of known and unknown risks and uncertainties. You can find a discussion of such risks and uncertainties in our Annual Information Form and other securities filings. While the Company makes these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. All subsequent forward-looking statements, whether written or oral, attributable to Intermap or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements made herein, whether as a result of new information, future events or otherwise, except as may be required by applicable securities law.

Reference is made to the Company's audited Consolidated Financial Statements for the years ended December 31, 2013 and 2012, together with the accompanying notes, which includes a going concern disclosure and such disclosure remains applicable as of the date of the financial statements included herein.

THIS PAGE INTENTIONALLY LEFT BLANK.

Management's Discussion and Analysis

For the quarter ended March 31, 2014

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 May 12, 2014, and should be read together with the Company's unaudited Condensed Consolidated Interim Financial Statements and the accompanying notes for the three months ended March 31, 2014 and the audited Consolidated Financial Statements for the years ended December 31, 2013 and 2012, together with 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.

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 and operations, 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 words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions that Intermap considers 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) the continued sales success of Intermap's products and services; (iii) the continued success of business development activities; (iv) there will be no significant delays in the development and commercialization of the Company's products; (v) the Company will continue to maintain sufficient and effective production and software development capabilities to compete on the attributes and cost of its products; (vi) there will be no significant reduction in the availability of qualified and cost-effective human resources; (vii) the continued existence and productivity of subsidiary operations; (viii) new products and services will continue to be added to the Company's portfolio; (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, nature of government contracts, revenue fluctuations, economic conditions, loss of key customers, retention and availability of executive talent, competing technologies, 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 this 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 location-based information company, creating a wide variety of geospatial solutions and analytics from its NEXTMap® database. The Company uses its NEXTMap 3D digital models, together with aggregated third party data, to create geospatial solutions for its customers. These geospatial solutions can be used in a wide range of applications including, but not limited to, location-based information, geographic information systems (GIS), engineering, utilities, global positioning systems (GPS) maps, geospatial risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization. The NEXTMap data can also be used to improve the positional accuracy of airborne and satellite images.

Intermap has the ability to create its own digital 3D geospatial data using its proprietary IFSAR radar technology mounted in a Learjet aircraft. The Company has two IFSAR-equipped aircraft, which provide operational flexibility related to geographical location of data collection. Intermap's radar-based technology allows it to collect data at any time of the day, including under conditions such as cloud cover or darkness, which are conditions that limit most competitive technologies. The IFSAR radar technology also enables data to be collected over larger areas, at higher collection speeds, and at accuracy levels that are difficult to achieve with competitive systems. Once the raw digital data is collected, it is then processed to create three different geospatial datasets: digital surface models, digital terrain models, and orthorectified radar images. These datasets can then be further processed and/or augmented with additional data to create value-added products.

The Company has been actively transitioning its NEXTMap program from primarily an internally created IFSAR radar-only dataset to an aggregated dataset of IFSAR-derived data and third-party data collected by multiple sensor technologies, including light detection and ranging (LiDAR), photogrammetry, satellite, and other available sources. The NEXTMap database also includes information such as 3D city models, census data, real-time traffic, outdoor advertising assets, weather related hazards, points of interest, cellular towers, flood models and wildfire models. The Company has many years of experience aggregating data derived from a number of different sensor technologies and data sources. In addition, the Company is combining its mapping services capability and NEXTMap database, together with its software application development capability and system integration expertise, to create entire spatial data infrastructure (SDI) environments for its customers.

The Company believes the value of its NEXTMap data lies primarily in web-based application solutions for specific vertical markets, and not solely in the data as a standalone product. These web services offer a suite of hosted tools that gives even those unfamiliar with GIS the ability to quickly and easily perform terrain analysis based on an area of interest such as a land development site, county, or an entire state. Subscribers to the Company's web-services can access NEXTMap information using their current web browsers and through popular desktop GIS software applications.

Unlike other geospatial companies, Intermap typically retains ownership of its data and licenses the use of its products and services to its customers. Intermap currently has 3D geospatial data commercially available for 17 countries in Western Europe, the contiguous United States and Hawaii, portions of Alaska, and significant areas in Southeast Asia. Intermap also has a 30-meter product of the entire world, called NEXTMap World 30™.

FINANCIAL INFORMATION

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

Selected Annual Information

U.S. $ millions, except per share data		March 31, 2014		March 31, 2013
Revenue:				
Mapping services	$	**0.9**	$	4.0
Professional services		**0.4**		-
Data licenses		**0.6**		1.0
3DBI software applications		**0.2**		0.1
Total revenue	$	**2.1**	$	5.1
Net loss	$	**(3.8)**	$	(2.0)
EPS basic and diluted	$	**(0.04)**	$	(0.03)
Adjusted EBITDA	$	**(3.6)**	$	(0.1)
Assets:				
Cash, amounts receivable, and unbilled revenue	$	**10.1**	$	9.8
Data library	$	**-**	$	12.7
Total assets	$	**14.0**	$	27.0
Total long-term liabilities (including finance lease obligations)	$	**0.3**	$	1.0

Revenue

Consolidated revenue for the quarter ended March 31, 2014 totaled $2.1 million, compared to $5.1 million for the same period in 2013, representing a 59% decrease. As of March 31, 2014, there remained $0.4 million in revenue from existing contracts ($0.3 million in professional services and $0.1 million in 3DBI software applications contracts) to be recognized in future periods.

Mapping services revenue for the quarter ended March 31, 2014 was $0.9 million, a decrease of 78% over the same period in 2013 which totaled $4.0 million. During the first quarter of 2014, the Company recognized revenue on one contract in North America. For the same period in 2013, revenue was recognized primarily from two contracts, one in Southeast Asia in the amount of $2.9 million and a project in North America in the amount of $1.1 million. Revenue is recognized on a percentage-of-completion basis on these contracts.

Professional services revenue for the quarter ended March 31, 2014, totaled $0.4 million, compared to $Nil for the same period in 2013. The increase was the result of one project management contract for a utility corridor in North America. There were no significant professional services contracts that generated revenue during the quarter ended March 31, 2013.

Data licenses revenue for the quarters ended March 31, 2014 and 2013 totaled $0.6 million and $1.0 million, respectively. The decrease was primarily the result of decreased sales from the Company's NEXTMap Asia and

NEXTMap Europe datasets during the first quarter of 2014.

3DBI revenue increased slightly for the quarter ended March 31, 2014 to $0.2 million from $0.1 million for the quarter ended March 31, 2013. The increase is primarily the result of new subscriptions for the Company's AdPro and risk management software products.

Classification of Operating Costs

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

U.S. $ thousands		**Three months ended March 31, 2014**		Three months ended March 31, 2013
Personnel	**$**	**3,210**	$	3,323
Purchased services & materials		**1,643**		1,039
Travel		**301**		376
Facilities and other expenses		**613**		583
	$	**5,767**	$	5,321

Personnel

Personnel expense includes direct labor, employee compensation, employee benefits, and commissions.

Personnel expense for the quarters ended March 31, 2014 and 2013, totaled $3.2 million and $3.3 million, respectively. The 3% year-over-year decrease in personnel expense is primarily due to a decrease in commission expense consistent with decreased revenue recognized on a year-over-year basis.

Consolidated active employee headcount was 194 (including 89 in Jakarta, Indonesia) at March 31, 2014, a 1% increase from 193 (including 125 in Jakarta, Indonesia) at March 31, 2013. The increase in personnel on a year-over-year basis was the result of increases in (i) professional services 100%, or 3 personnel; (ii) software development 42%, or 5 personnel; and operations 1%, or 1 personnel. These increases were offset by reductions in (i) sales and marketing 8%, or 2 personnel; (ii) engineering 29%, or 5 personnel; and (iii) general and administrative 5% or 1 personnel.

Non-cash compensation expense is included in operating costs and relates to share options and shares granted to employees and non-employees. Non-cash share-based compensation for the quarters ended March 31, 2014 and 2013, totaled $0.1 million for each period.

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 March 31, 2014 and 2013, PS&M expense was $1.6 million and $1.0 million, respectively. The increase in this category of expense is primarily due to increases in subcontractor expenses associated software development of the Company's 3DBI software applications products and third party data collection activities for a professional services contract during the period. The subcontractor expenses during the quarter ended March 31, 2013 were related to the Company's airborne radar data collection activities for a contract in Southeast Asia and a contract in North America.

Travel

For the quarters ended March 31, 2014 and 2013, travel expense was $0.3 million and $0.4 million, respectively. The decrease is due to project related travel associated with a mapping services contract in 2013 where there were no similar projects during the current quarter. This decrease was partially offset by increases in sales and marketing related travel during the current quarter associated with the training of channel partners on the Company's new 3DBI software applications products.

Facilities and Other Expenses

For the quarters ended March 31, 2014 and 2013, facilities and other expenses remained consistent at $0.6 for both periods.

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, taxes, depreciation and amortization. Adjusted EBITDA also excludes share-based compensation, gain or loss on the disposal of equipment, impairment losses or reversals, 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 March 31, 2014**		Three months ended March 31, 2013	
Net loss	**$**	**(3.8)**	$	(2.0)
Interest expense		**0.2**		0.2
Depreciation of property and equipment		**0.3**		0.4
Amortization of data library		**-**		1.2
Income tax recovery		**(0.1)**		-
EBITDA	**$**	**(3.4)**	$	(0.2)
Share-based compensation		**0.1**		0.1
Gain on disposal of equipment		**(0.4)**		-
Loss on foreign currency translation		**0.1**		-
Adjusted EBITDA	**$**	**(3.6)**	$	(0.1)

Adjusted EBITDA for the quarter ended March 31, 2014 was negative $3.6 million, compared to negative $0.1 million for the same period in 2013. The increase in the adjusted EBITDA loss on a year-over-year basis is primarily attributable to a decrease in mapping services revenue of $3.1 million.

Depreciation of Property and Equipment

Depreciation expense for the quarter ended March 31, 2014 totaled $0.3 million, compared to $0.4 million for the same period in 2013. The decrease in depreciation expense is primarily the result of certain assets dedicated to the Company's NEXTMap database development reaching the end of their useful lives, without the addition of comparable replacement assets.

Amortization of Data Library

For the quarters ended March 31, 2014 and 2013, amortization expense relating to the data library was $Nil and $1.2 million, respectively. As of December 31, 2013, the data library asset balance was $Nil, resulting in no further amortization during the current period.

Financing Costs

Financing costs for the quarter ended March 31, 2014 totaled $204 thousand, compared to $222 thousand for the same period in 2013. The decrease in financing costs relates to decreased interest on long-term debt due to the reduction of principal resulting from recurring payments, offset by note financing interest during both periods.

Gain on Disposal of Equipment

During the first quarter of 2014, the Company sold fully depreciated assets and recognized a gain of $46 thousand on the sale of these assets. The assets sold consisted of spare radar parts, a transmitter, and miscellaneous computer equipment. A gain of $320 was also recognized on proceeds from an insurance claim for water damaged computer and storage related equipment, which will be disposed of in the second quarter.

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 billed in United States dollars and paid in a foreign currency is recognized as a gain or loss in the period it is settled. During the quarter ended March 31, 2014, a foreign currency translation loss of $78 thousand was recorded, compared to a gain of $33 thousand for the same period in 2013. The decrease from the comparative period is primarily the result of the weakening of the United States dollar against certain foreign currencies where balances remain in amounts receivable.

Income Tax

Current income tax expense of $Nil was incurred during the quarter ended March 31, 2014, compared to an expense of $47 thousand during the same period in 2013. The expense for the quarter ended March 31, 2013 relates to taxable income generated from the Company's Czech Republic subsidiary.

During the quarter ended March 31, 2014, a deferred income tax recovery of $79 thousand, compared to $Nil for the same period in 2013 was recorded. The increase was due to the deferred tax effect of the convertible note issued in February 2014.

Amounts Receivable and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified contract milestones. Revenue on certain of these 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 schedule payments on contracts in accordance 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 sheet as unbilled revenue.

Amounts receivable and unbilled revenue decreased from $6.6 million at December 31, 2013, to $4.4 million at March 31, 2014. These amounts represent 240 days' sales at March 31, 2014, compared to 142 days sales at December 31, 2013, and reflect specific project billing milestones on current contracts that were in progress on those dates. The increase in days' sales outstanding primarily relates to large amounts receivable balances outstanding greater than 90 days from historically slow paying but reliable customers. The balance is considered collectible as the customers continue to make regular payments and maintain regular communication with the Company related to the intent to continue payments.

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 remained consistent at $4.0 million for both March 31, 2014 and December 31, 2013.

U.S. $ thousands		**March 31. 2014**		December 31, 2013
Accounts payable	$	1,939	$	1,997
Accrued liablities		2,065		1,936
Other taxes payable		11		20
	$	4,015	$	3,953

Notes Payable

The notes payable balance decreased from $1.2 million at December 31, 2013, to $1.1 million at March 31, 2014. The decrease is due to the offset of a receivable from the service provider against the note. Payment of the principal began in December 2012 and the promissory note matures in November 2014.

Convertible Note

The convertible note balance of $4.6 million at March 31, 2014 is due to a private placement convertible debt financing that closed February 7, 2014. The principal balance of the note is $5.0 million, and the discount of $0.4 million will be recognized over the twelve month term of the note using the effective interest method. Simple interest is payable at maturity at an annual rate of 16%. Under the terms of the note, the accrued interest payable on any converted principal balance will be waived at the time of conversion. The note is convertible into 12,367,054 common shares of the Company, at any time, at the option of the holder. Any unconverted balance is payable at maturity, on February 6, 2015. See "Note 8" to the Condensed Consolidated Interim Financial Statements for further discussion of the terms of the note.

Unearned Revenue and Deposits

The unearned revenue balance at March 31, 2014 increased to $155 thousand from $110 thousand at December 31, 2013. This balance consists of payments received from customers on revenue contracts for which the Company has not yet fulfilled its obligations, or which the necessary revenue recognition criteria has not been met.

Finance Lease Obligations

Finance lease obligations at March 31, 2014 remained consistent at $0.3 million from December 31, 2013.

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.

U.S. $ millions, except per share data	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	**Q1 2014**
Total revenue	$ 8.0	$ 8.0	$ 7.6	$ 5.1	$ 8.9	$ 6.3	$ 4.1	**$ 2.1**
Depreciation and amortization	$ 1.6	$ 1.6	$ 1.6	$ 1.6	$ 1.5	$ 1.5	$ 1.4	**$ 0.3**
Net income (loss) before data library impairment	$ 0.8	$ 0.4	$ 1.0	$ (2.0)	$ 0.2	$ (0.5)	$ (3.4)	**$ (3.8)**
Data library impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ (9.2)	**$ -**
Net income (loss)	$ 0.8	$ 0.4	$ 1.0	$ (2.0)	$ 0.2	$ (0.5)	$ (12.6)	**$ (3.8)**
Net income (loss) per share - basic and diluted	$ 0.01	$ 0.01	$ 0.01	$ (0.03)	$ -	$ (0.01)	$ (0.14)	**$ (0.04)**
Adjusted EBITDA	$ 2.7	$ 2.5	$ 2.7	$ (0.1)	$ 2.2	$ 0.6	$ (1.5)	**$ (3.6)**

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 amounts receivable, 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.

Cash used in operations during the quarter ended March 31, 2014 totaled $1.6 million, compared to cash generated from operations of $1.2 million during the same period in 2013. The year-over-year decrease of $2.8 million is due primarily to the change in working capital balances and decreased revenue.

Net cash used in investing activities totaled $15 thousand for the quarter ended March 31, 2014, compared to $0.2 million during the same period in 2013. Net cash used in investing activities for the quarter ended March 31, 2014 was primarily for the purchase of property and equipment of $147 thousand, offset by proceeds from the sale of property and equipment of $132 thousand. Cash used in investing activities during the same period in 2013 was for the purchase of property and equipment of $248 thousand, offset by proceeds from the sale of property and equipment of $4 thousand.

Net cash generated from financing activities totaled $4.8 million during the quarter ended March 31, 2014, compared to net cash used by financing activities totaling $0.3 million during the same period in 2013. The net cash generated from financing activities during the quarter ended March 31, 2014 was due to the closing of a convertible note debt financing totaling $5.0 million, offset by $0.1 million of issuance costs and repayment of long-term debt and capital leases of $0.1 million. The net cash used in financing activities during the same period in 2013 was due to the repayment of long-term debt and capital leases of $0.3 million.

The cash position of the Company at March 31, 2014 (cash and cash equivalents) was $5.7 million, compared to $2.4 million at December 31, 2013. Working capital decreased to $0.5 million as of March 31, 2014 from $3.9 million as of December 31, 2013 due primarily to an increase in short-term liabilities from the convertible note debt entered into during the quarter of $4.6 million. This amount was partially offset by a decrease in cash flows from operating activities of $1.6 million.

During the quarter ended March 31, 2014, the Company generated a net loss of $3.8 million, incurred negative adjusted EBITDA of $3.6 million, and negative cash flow from operations of $1.6 million. In addition, the Company has a deficit of $204.9 million. Although the Company has made significant financial progress during its last two fiscal years, its continuing operations are dependent on its ability to produce future profitable operations and generate positive cash flows from operations. If these activities are not adequate to fund the Company's ongoing operations, the Company may be required to explore additional financing alternatives, if available. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations in future periods.

The above factors in the aggregate raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including a shift in organizational wide focus from the historical approach of licensing raw data, to providing complete geospatial solutions with a focus on software applications. In addition, the Company has recently obtained additional financing to help further the development of new product offerings. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing, if required. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists; (ii) the significant risks and rewards of ownership, including managerial involvement, have been transferred to the buyer; (iii) the amount of revenue can be measured reliably; and (iv) costs incurred or to be incurred can be measured reliably. Billings in excess of revenue are recorded as unearned revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

Goods Sold

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.

Software Subscriptions

Revenue from software sold on a subscription basis is recognized straight-line over the term of the agreement.

Fixed-price Contracts
Revenue from fixed-price contracts is recognized using the percentage-of-completion method, based on the ratio of costs incurred to estimated final contract costs. The use of the percentage of completion method 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.

Multiple Component Arrangements
When a single sales transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied separately to identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole.

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. Historically, the direct costs of acquiring and processing certain areas of data collected were capitalized as an investment in the data library when it could be shown that such costs create material future value to the Company. Capitalized costs included direct overhead associated with the acquisition and processing of the data and the depreciation of the property and equipment used in the production of the data. Data library capitalized costs were amortized on a straight-line basis over five years.

The carrying value of the data library was reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of the asset may not be recoverable. At December 31, 2013, the Company determined that the recoverable amount of the data library was insufficient to recover the carrying value of the asset, resulting in a total impairment of the asset. It was determined that the historical approach of licensing raw data from datasets was no longer a priority for the Company as the focus for future periods will be primarily on the licensing of the Company's 3DBI software applications. These 3DBI software applications deliver specific answers to the end user, rather than raw data. In accordance with IFRS, the Company will review each reporting period for indications that a reversal of the impairment losses 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, 2014. The standards and amendments did not have a significant impact on the financial statements of the Company.

- Amendments to IAS 32, Financial Instruments: Presentation
- IFRIC 21, Levies

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 May 12, 2014, 91,613,401 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of May 12, 2014, potential dilutive securities include (i) 7,483,270 outstanding share options in the Company's share option plan with a weighted average exercise price of C$0.49; and (ii) 4,791,572 warrants outstanding with a weighted average exercise price of C$0.47 and each warrant entitles the holder to purchase one Class A common share.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to Management as appropriate to allow timely decisions regarding required disclosure. Pursuant to Multilateral Instrument 52-109, the Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the disclosure controls and procedures as at March 31, 2014, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company.

Internal Control Risks

Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, reviewed and evaluated the design and operating effectiveness of the internal controls over financial reporting (as defined by Multilateral Instrument 52-109) and concluded that sufficient controls exist at March 31, 2014, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of internal controls over financial reporting that occurred during the three months ended March 31, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The risks and uncertainties described in the Management's Discussion and Analysis presented in the 2013 Annual Report and the Annual Information Form of the Company have not changed materially.

THIS PAGE INTENTIONALLY LEFT BLANK.

Condensed Consolidated Interim Balance Sheets

(In thousands of United States dollars)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 5,671	$ 2,420
Amounts receivable	4,211	6,434
Unbilled revenue	161	151
Work in process	24	33
Prepaid expenses	643	407
	10,710	9,445
Property and equipment (Note 5)	3,233	3,378
Intangible assets	87	116
	$ 14,030	$ 12,939
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	$ 4,015	$ 3,953
Convertible note (Note 8)	4,632	-
Current portion of notes payable (Note 7)	1,117	1,188
Current portion of deferred lease inducements	182	188
Unearned revenue and deposits	155	110
Income taxes payable	9	12
Obligations under finance leases	118	115
	10,228	5,566
Deferred lease inducements	161	202
Obligations under finance leases	161	192
	10,550	5,960
Shareholders' equity:		
Share capital (Note 11(a))	197,424	197,376
Accumulated other comprehensive income	36	37
Contributed surplus (Note 11(b))	10,943	10,671
Deficit	(204,923)	(201,105)
	3,480	6,979
Going concern (Note 2(a))		
Commitments (Note 12)		
	$ 14,030	$ 12,939

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income

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

For the three months ended March 31,		**2014**		2013
Revenue (Note 9)	**$**	**2,104**	$	5,093
Expenses:				
Operating costs (Note 10)		**5,767**		5,321
Depreciation of property and equipment		**292**		359
Amortization of data library		**-**		1,152
Amortization of intangible assets		**29**		29
		6,088		6,861
Operating loss		**(3,984)**		(1,768)
Gain on disposal of equipment		**362**		4
Financing costs		**(204)**		(222)
Financing income		**7**		-
(Loss) gain on foreign currency translation		**(78)**		33
Loss before income taxes		**(3,897)**		(1,953)
Income tax (expense) recovery:				
Current		**-**		(47)
Deferred		**79**		-
		79		(47)
Net loss for the period	**$**	**(3,818)**	$	(2,000)
Other comprehensive loss:				
Foreign currency translation differences		**(1)**		(37)
Comprehensive loss for the period	**$**	**(3,819)**	$	(2,037)
Basic and diluted loss per share	**$**	**(0.04)**	$	(0.03)
Weighted average number of Class A common shares - basic and diluted (Note 11(d))		**91,613,401**		78,887,915

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

(In thousands of United States dollars)

	Share Capital	Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
Balance at December 31, 2012	$ 194,144	$ 10,354	$ 58	$ (186,198)	$ 18,358
Comprehensive loss for the period	-	-	(37)	(2,000)	(2,037)
Share-based compensation	-	77	-	-	77
Balance at March 31, 2013	$ 194,144	$ 10,431	$ 21	$ (188,198)	$ 16,398
Comprehensive profit (loss) for the period	-	-	16	(12,907)	(12,891)
Share-based compensation	81	372	-	-	453
Convertible note conversion	3,025	-	-	-	3,025
Conversion option of convertible note	136	(136)	-	-	-
Issuance costs	(10)	4	-	-	(6)
Balance at December 31, 2013	$ 197,376	$ 10,671	$ 37	$ (201,105)	$ 6,979
Comprehensive loss for the period	-	-	(1)	(3,818)	(3,819)
Share-based compensation	-	82	-	-	82
Warrant component of convertible note	64	-	-	-	64
Conversion option of convertible note	-	259	-	-	259
Issuance costs	(1)	(5)	-	-	(6)
Deferred tax effect of convertible note	(15)	(64)	-	-	(79)
Balance at March 31, 2014	$ 197,424	$ 10,943	$ 36	$ (204,923)	$ 3,480

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of United States dollars)

For the Three Months Ended March 31,	**2014**	2013
Cash flows provided by:		
Operating activities:		
Net loss for the period	**$ (3,818)**	$ (2,000)
Adjusted for the following non-cash items:		
Depreciation of property and equipment	**292**	359
Amortization of data library	**-**	1,152
Amortization of intangible assets	**29**	29
Share-based compensation expense	**82**	77
Gain on disposal of equipment	**(362)**	(4)
Amortization of deferred lease inducements	**(47)**	(29)
Deferred taxes	**(79)**	-
Financing costs	**204**	222
Current income tax expense	**-**	47
Interest paid	**(7)**	(27)
Income tax paid	**(10)**	(13)
Changes in working capital:		
Amounts receivable	**2,409**	1,090
Work in process and other assets	**(239)**	154
Accounts payable	**(51)**	181
Accrued liabilities	**(20)**	(148)
Unearned revenue and deposits	**45**	169
Gain on foreign currency translation	**(3)**	(37)
	(1,575)	1,222
Investing activities:		
Purchase of property and equipment	**(147)**	(248)
Proceeds from sale of equipment	**132**	4
	(15)	(244)
Financing activities:		
Proceeds from issuance of convertible note	**5,000**	-
Financing costs of convertible note	**(93)**	-
Repayment of obligations under finance lease	**(28)**	(88)
Repayment of long-term debt and notes payable	**(38)**	(208)
	4,841	(296)
Effect of foreign exchange on cash	**-**	(19)
Increase in cash and cash equivalents	**3,251**	663
Cash and cash equivalents, beginning of period	**2,420**	2,055
Cash and cash equivalents, end of period	**$ 5,671**	$ 2,718

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014
(In thousands of United States dollars, except per share information)

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 Suite 1600, 421 – 7th Avenue, Calgary, Alberta, Canada, T2P 4K9.

Intermap is a global location-based information company, creating a wide variety of geospatial solutions and analytics from its NEXTMap® database. The Company uses its NEXTMap 3D digital models, together with aggregated third party data, to create geospatial solutions for its customers. These geospatial solutions can be used in a wide range of applications including, but not limited to, location-based information, geographic information systems, engineering, utilities, global positioning systems maps, geospatial risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, advertising, and 3D visualization.

2. Basis of preparation:

a. Going concern:

These 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 be able to realize its assets and discharge its liabilities and commitments in the normal course of business. During the three months ended March 31, 2014, the Company incurred a net loss of $3,818 and negative cash flows from operating activities of $1,575. In addition, the Company has a deficit of $204,923.

The above factors in the aggregate raise significant doubt about the Company's ability to continue as a going concern. Management has taken actions to address these issues including a shift in organizational wide focus from the historical approach of licensing raw data, to providing complete geospatial solutions with a focus on software applications. In addition, the Company has recently obtained additional financing to help further the development of new product offerings. The Company's ability to continue as a going concern is dependent on management's ability to successfully generate a profit from operations, sell assets, or obtain additional financing, if required. Failure to achieve one or more of these requirements could have a material adverse effect on the Company's financial condition and / or results of operations.

The Company cannot be certain that cash generated from its operations will be sufficient to satisfy its liquidity requirements, and it may need to continue to raise capital by selling additional equity and / or by securing credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favorable to the Company.

The 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 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 Accounting Standard 34, Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB).

The notes presented in these unaudited condensed consolidated interim financial statements include in general only significant changes and transactions occurring since the Company's last year-end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2013 (the "2013 annual consolidated financial statements").

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of May 12, 2014, the date the Board of Directors approved the consolidated financial statements.

c. Measurement basis:

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

3. Summary of significant accounting policies:

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods that were used to prepare the Company's 2013 annual consolidated financial statements with the exception of those new accounting policies that were adopted on January 1, 2014, as more fully described in Note 4.

4. New 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, 2014. These amendments have not had a material impact on the Condensed Consolidated Interim Financial Statements.

- Amendments to IAS 32, Financial Instruments: Presentation
- IFRIC 21, Levies

5. Property and equipment:

Property and equipment	Aircraft	Mapping equipment	Furniture, fixtures & auto	Leases	Under construction	Total
Balance at December 31, 2012	$ 2,617	$ 873	$ 6	$ 187	$ 20	$ 3,703
Additions	39	384	-	26	331	780
Finance Lease	-	316	-	-	-	316
Depreciation	(650)	(654)	(6)	(111)	-	(1,421)
Transfer from under construction	95	256	-	-	(351)	-
Balance at December 31, 2013	2,101	1,175	-	102	-	3,378
Additions	-	119	-	4	24	147
Depreciation	(137)	(134)	-	(21)	-	(292)
Balance at March 31, 2014	$ 1,964	$ 1,160	$ -	$ 85	$ 24	$ 3,233

The gross amount of property and equipment at March 31, 2014 was $40,807 (December 31, 2013 – $40,696). The accumulated depreciation at March 31, 2014 was $37,574 (December 31, 2013 – $37,318). During the quarter ended March 31, 2014, the Company disposed of fully depreciated assets of $36, and recognized a gain of $46 on the sale of those assets. Additionally, a gain of $316 was recognized on the settlement from an insurance claim for damaged computer and storage equipment, and proceeds of $132 were received during the quarter. As of March 31, 2014, the assets are fully depreciated.

6. Accounts payable and accrued liabilities:

	March 31, 2014	December 31, 2013
Accounts payable	$ 1,939	$ 1,997
Accrued liablities	2,065	1,936
Other taxes payable	11	20
	$ 4,015	$ 3,953

7. Notes payable:

Notes payable includes a promissory note with a service provider. The note bears interest at 8% per annum and is secured by a lien on an aircraft owned by the Company. The repayment terms of the note payable are thirty-six months ending November 2014.

		March 31, 2014		December 31, 2013
Promissory note payable	$	1,090	$	1,120
Reimbursable project funding		27		68
		1,117		1,188
Less current portion		(1,117)		(1,188)
	$	-	$	-

8. Convertible note:

On February 7, 2014, the Company issued a convertible promissory note for $5,000. Simple interest is payable at maturity at an annual rate of 16%. The note is convertible into 12,367,054 common shares of the Company, at any time at the option of the holders. Under the terms of the note, the accrued interest payable on any converted principal balances will be waived at the time of conversion. The note also includes 3,091,572 detachable warrants to purchase Class A common shares at a per share price of C$0.56 that expire on February 7, 2017. The note is secured by a general security interest in all of the assets of the Company. Any unconverted principal and accrued interest balance is payable at maturity, on February 6, 2015.

Proceeds from convertible note	$	5,000
Transaction costs		(93)
Net proceeds		4,907
Amounts classified as equity:		
Conversion option		(254)
Warrants		(63)
Effective interest incurred on note discount		42
Carrying amount of convertible note at March 31, 2014	$	4,632

The convertible note represents a hybrid instrument that needs to be bifurcated between its liability and equity components. The liability component was determined by reference to the fair value of a similar stand alone debt instrument, excluding the equity components, with the residual amount allocated to the equity components.

The fair value of a similar stand alone note excluding the equity components was determined using an estimated discount rate of 24%. The estimated discount rate was derived based on the evaluation of other longer term debt offerings and is subject to estimation uncertainty. The amount of the convertible note classified as equity of $317 is net of attributable transaction costs of $6 and was allocated between the warrants (share capital) and conversion option (contributed surplus) based on the relative fair value of the two components, as determined by the number of shares that could potentially be issued. Transaction costs of $87 were allocated to the liability component which will be accreted to redemption value over the term of the note using the effective interest method.

The Company has the option, after six months from the closing date of the note, and upon sixty days notice, to repay the note at 116% of the outstanding principal balance. The fair value of the prepayment option at March 31, 2014 was $Nil. At March 31, 2014, $133 of accrued interest is in included in accrued liabilities.

9. Revenue:

Details of revenue are as follows:

For the three months ended March 31,		**2014**		2013
Mapping services	**$**	**856**	$	4,003
Professional services		**452**		15
Data licenses		**627**		953
3DBI software applications		**169**		122
	$	**2,104**	$	5,093

10. Operating costs:

Details of operating costs are as follows:

For the three months ended March 31,		**2014**		2013
Personnel	**$**	**3,210**	$	3,323
Purchased services & materials (1)		**1,643**		1,039
Travel		**301**		376
Facilities and other expenses		**613**		583
	$	**5,767**	$	5,321

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

11. Share capital:

a. Issued:

	March 31, 2014		December 31, 2013	
Class A common shares	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period:				
Unrestricted shares	**91,613,401**	**$ 197,376**	78,887,915	$ 194,144
Restricted shares held in escrow	**526,098**	**-**	526,098	-
Share-based compensation	**-**	**-**	210,010	81
Restricted shares released from escrow and cancelled	**(526,098)**	**-**	-	-
Issuance of common shares for conversion of convertible note	**-**	**-**	12,515,476	3,157
Warrant component of convertible note	**-**	**64**	-	-
Convertible note issuance costs	**-**	**(1)**	-	-
Deferred tax effect of convertible note	**-**	**(15)**	-	-
Securities issuance costs	**-**	**-**	-	(6)
Balance, end of period:	**91,613,401**	**$ 197,424**	92,139,499	$ 197,376
Components of issued shares:				
Unrestricted shares	**91,613,401**	**$ 197,424**	91,613,401	$ 197,376
Restricted shares held in escrow	**-**	**-**	526,098	-
	91,613,401	**$ 197,424**	92,139,499	$ 197,376

On March 13, 2014, 526,098 Class A common shares originally issued in 2011, pursuant to the five year employment agreement with the Company's Chief Executive Officer and held in escrow for release upon achievement of certain market performance conditions, were released from escrow and cancelled.

On February 7, 2014, the Company received proceeds from a convertible promissory note. The value attributable to the warrants and included in share capital at inception of the note was $63, offset by a future tax benefit of $20 (see Note 8).

On August 28, 2013, 5,000,000 Class A common shares were issued upon conversion to the holder of a convertible promissory note. The value attributed to the conversion was $1,261 and includes the accrued interest of $209 attributable to the principal balance converted of $999, and $53 for the proportionate share of the conversion option of the convertible note originally classified in contributed surplus (see Note 11(b)).

On June 27, 2013, 7,515,476 Class A common shares were issued upon conversion to the holder of a convertible promissory note. The value attributed to the conversion was $1,896 and includes the accrued interest of $316 attributable to the principal balance converted of $1,501, and $79 for the proportionate share of the conversion option of the convertible note originally classified in contributed surplus (see Note 11(b)).

On June 13, 2013, 210,010 Class A common shares were issued to directors of the Company as compensation for services. Compensation expense of $81 for these Class A common shares is included in operating costs (see Note 11(e)).

b. Contributed surplus:

		March 31, 2014		December 31, 2013
Balance, beginning of period	$	**10,671**	$	10,354
Share-based compensation		**82**		449
Conversion option of convertible note		**259**		(136)
Issuance costs of convertible note		**(5)**		4
Deferred tax effect of convertible note		**(64)**		-
Balance, end of period	$	**10,943**	$	10,671

c. Earnings (loss) per share:

The calculation of earnings (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 considered to be anti-dilutive and are therefore not included in the calculation.

The underlying Class A common shares pertaining to 7,547,520 outstanding share options and 22,141,572 outstanding warrants could potentially dilute earnings.

d. Share option plan:

The Company established a share option plan to provide long-term incentives to attract, motivate, and retain certain key employees, officers, directors, and consultants providing services to the Company. The plan permits the granting of options to purchase up to 10% of the outstanding Class A common shares of the Company. As of March 31, 2014, 9,161,340 Class A common shares were authorized under the plan, of which 7,547,520 share options are issued and outstanding and 1,613,820 options remain available for future issuance. Under the plan, no one individual shall be granted an option resulting in cumulative grants in excess of 5% of the issued and outstanding Class A common shares of the Company. In addition, the exercise price of each option shall not be less than the market price of the Company's Class A common shares on the date of grant. The options are exercisable for a period of not greater than six years, and generally vest over a period of one to four years. Options granted to directors generally vest on the date of the grant and expire on the fifth anniversary of the date of such grant.

The following table summarizes information regarding share options outstanding:

	March 31, 2014			December 31, 2013		
	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	**6,287,320**	**$**	**0.55**	4,846,320	$	0.82
Granted	**1,525,000**		**0.29**	1,930,000		0.40
Expired	**(180,550)**		**0.77**	(373,625)		3.18
Forfeitures	**(84,250)**		**0.45**	(115,375)		0.56
Options outstanding, end of period	**7,547,520**	**$**	**0.50**	6,287,320	$	0.55
Options exercisable, end of period	**4,188,904**	**$**	**0.59**	3,850,154	$	0.62

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
0.25	20,000	3.44 years	10,000
0.27	20,000	4.11 years	5,000
0.29	1,525,000	5.92 years	25,000
0.33	700,000	4.59 years	500,000
0.38	40,000	5.13 years	-
0.43	1,230,240	3.00 years	1,220,240
0.44	1,535,000	4.53 years	627,500
0.46	823,980	3.71 years	429,114
0.48	450,000	2.76 years	337,500
0.50	450,000	2.69 years	337,500
0.66	300,000	2.56 years	243,750
1.49	112,000	0.70 years	112,000
1.60	51,000	1.73 years	51,000
1.84	268,300	1.75 years	268,300
2.98	12,000	0.45 years	12,000
4.16	10,000	0.44 years	10,000
	7,547,520	4.00 years	4,188,904

During the three months ended March 31, 2014, 1,525,000 options were granted at a weighted-average fair value of C$0.23 per share, determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: expected dividend yield 0%, risk-free interest rate 1.02%, volatility 108.9%, and expected lives of five to six years. The estimated forfeiture rate was 5.43%.

e. Share-based compensation expense:

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

Three months ended March 31,		**2014**		2013
Employees	**$**	**77**	$	77
Non-employees		**5**		-
Non-cash compensation	**$**	**82**	$	77

f. Class A common share purchase warrants:

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

	March 31, 2014	December 31, 2013
Balance, beginning of period	**19,050,000**	19,050,000
Issued	**3,091,572**	-
Expired	**-**	-
Balance, end of period	**22,141,572**	19,050,000

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from C$0.31 to C$0.56, with a weighted average exercise price of C$0.47. Of the warrants outstanding at the beginning of the period, 17,350,000 expire on April 28, 2014, 1,700,000 expire on June 26, 2015 and the 3,091,572 warrants issued during the period expire on February 7, 2017.

12. Commitments:

The Company has commitments related to operating leases for office space and equipment which require the following payments for each year ending March 31:

2015	$	833
2016		560
2017		235
2018		4
2019		4
	$	1,636

During the three months ended March 31, 2014, the Company recognized $271 (December 31, 2013 - $413) in operating lease expense for office space.

13. Segmented information:

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

Geographic segments of revenue are as follows:

Three months ended March 31,		2014		2013
United States	$	**1,642**	$	1,348
Asia/Pacific		**229**		3,444
Europe		**233**		301
	$	**2,104**	$	5,093

Property and equipment of the Company are located as follows:

		March 31, 2014		December 31, 2013
Canada	$	**101**	$	96
United States		**3,108**		3,263
Asia/Pacific		**8**		9
Europe		**16**		10
	$	**3,233**	$	3,378

Intangible assets are located in the Czech Republic and the United States.

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

Three months ended March 31,		2014		2013
Customer A	$	**842**	$	1,058
Customer B		**375**		-
Customer C		**14**		2,937
	$	**1,231**	$	3,995

14. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, and capital risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities. There have been no significant changes to the Company's risk management strategies since December 31, 2013.

Amounts receivable as of March 31, 2014, and December 31, 2013, consist of:

		March 31, 2014		December 31, 2013
Trade amounts receivable	$	**3,851**	$	6,245
Employee receivables		**9**		9
Other miscellaneous receivables		**351**		180
	$	**4,211**	$	6,434

Trade amounts receivable by geography consist of:

		March 31, 2014		December 31, 2013
United States	$	**1,194**	$	414
Canada		**242**		214
Asia/Pacific		**1,994**		4,765
Europe		**421**		852
	$	**3,851**	$	6,245

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

		March 31, 2014		December 31, 2013
Current	$	**989**	$	4,782
31-60 days		**440**		88
61-90 days		**287**		104
Over 91 days		**2,135**		1,271
	$	**3,851**	$	6,245

As of March 31, 2014, $2,422 of trade amounts receivable (year ended December 31, 2013 - $1,375) were past due. The balance of the past due amounts relate to reoccurring, and historically slow paying customers and are considered collectible.

15. Fair values:

The carrying values of cash and cash equivalents, amounts receivable, unbilled revenue, accounts payable, accrued liabilities, obligations under finance leases, convertible note and other long-term liabilities approximate their fair value given their relatively short period to maturity. The carrying value of long-term notes payable and obligations under finance leases approximates their fair value, as current market rates available to the Company are similar to those on the long-term notes payable and obligations under finance leases.

There are no financial instruments measured at fair value. During the quarter, there have been no transfers of amounts between any categories. There are no items classified in Level 2 or Level 3 as of March 31, 2014.

INTERMAP

INTERMAP TECHNOLOGIES CORPORATION