UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED:
March 31, 2018 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 333-04066

GEOSPATIAL CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA	870554463
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

229 Howes Run Road, Sarver, PA 16055 (Address of principal executive offices)

(724) 353-3400
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): YES ☐ NO ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller Reporting Company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): YES ☐ NO ☒

The number of $0.001 par value common shares outstanding at May 14, 2018: 305,677,119.

FORWARD-LOOKING STATEMENT NOTICE

The statements set forth in this report which are not historical constitute "Forward-Looking Statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder, including statements regarding our expectations, beliefs, intentions or strategies for the future. When used in this report, the terms "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to our business or our subsidiaries or our management, are intended to identify Forward-Looking Statements. These Forward-Looking Statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance. Forward-Looking Statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the Forward-Looking Statements.

Because our common stock is considered to be a "penny stock", the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to such Forward-Looking Statements.

Our business involves various risks, including, but not limited to, our ability to implement our business strategies as planned in a timely manner or at all; our lack of operating history; our ability to protect our proprietary technologies; our ability to obtain financing sufficient to meet our capital needs; our inability to use historical financial data to evaluate our financial performance; and the other risk factors identified in our filings with the Securities and Exchange Commission.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed or implied in any Forward-Looking Statements made by us or on our behalf, readers of this report should not place undue reliance on any Forward-Looking Statement. Further, any Forward-Looking Statement speaks only as of the date on which it is made, and we undertake no obligations to update any Forward-Looking Statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of future events or developments. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any Forward-Looking Statements.

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FINANCIAL STATEMENTS AS OF MARCH 31, 2018 AND DECEMBER 31, 2017 AND FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

Geospatial Corporation and Subsidiaries
Consolidated Balance Sheets

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 798	$ 8,357
Accounts receivable	141,214	92,400
Prepaid expenses and other current assets	79,005	92,081
Total current assets	221,017	192,838
Property and equipment:		
Field equipment	359,591	359,591
Field vehicles	43,285	43,285
Total property and equipment	402,876	402,876
Less: accumulated depreciation	(393,430)	(390,400)
Net property and equipment	9,446	12,476
Total assets	$ 230,463	$ 205,314
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 273,602	$ 248,745
Accrued expenses	1,371,552	1,231,553
Notes payable	1,578,693	1,487,174
Accrued registration payment arrangement	76,337	76,337
Total current liabilities	3,300,184	3,043,809
Stockholders' deficit:		
Preferred stock:		
Undesignated, $0.001 par value; 10,000,000 shares authorized at March 31, 2018 and December 31, 2017; no shares issued and outstanding at March 31, 2018 and December 31, 2017	-	-

Series B Convertible Preferred Stock, $0.001 par value; 5,000,000 shares authorized at March 31, 2018 and December 31, 2017; no shares issued and outstanding at March 31, 2018 and December 31, 2017	-	-
Series C Convertible Preferred Stock, $0.001 par value; 10,000,000 shares authorized at March 31, 2018 and December 31, 2017; 3,644,578 and 4,543,654 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	3,645	3,645
Common stock, $0.001 par value; 750,000,000 shares authorized at March 31, 2018 and December 31, 2017; 279,080,452 and 226,211,740 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	302,497	285,830
Additional paid-in capital	40,093,956	39,819,841
Additional paid-in capital, warrants	85,000	170,000
Accumulated deficit	(43,554,819)	(43,117,811)
Total stockholders' deficit	(3,069,721)	(2,838,495)
Total liabilities and stockholders' deficit	$ 230,463	$ 205,314

The accompanying notes are an integral part of these consolidated financial statements.

Geospatial Corporation and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2018	**2017**
Sales	$ 177,814	$ 98,200
Cost of sales	42,639	42,054
Gross profit	135,175	56,146
Selling, general and administrative expenses	463,145	482,643
Net loss from operations	(327,970)	(426,497)
Other income (expense):		
Interest expense	(110,749)	(72,469)
Gain on extinguishment of debt	-	13,693
Other income	1,711	-
Registration payment arrangements	-	254,458
Total other income (expense)	(109,038)	195,682
Net income (loss) before income taxes	(437,008)	(230,815)
Provision for income taxes	-	-
Net loss	$ (437,008)	$ (230,815)
Basic and fully-diluted net loss per share of common stock	$ 0.00	$ 0.00

The accompanying notes are an integral part of these consolidated financial statements.

Geospatial Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Three Months Ended March 31, 2018
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Additional Paid-In Capital, Warrants	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2017	3,644,578	$ 3,645	285,830,452	$ 285,830	$ 39,819,841	$ 170,000.00	$ (43,117,811)	$ (2,838,495)
Sale of common stock, net of issuance costs	-	-	6,666,667	6,667	88,333	-	-	95,000
Exercise of warrants to purchase common stock	-	-	10,000,000	10,000	175,000	(85,000)	-	100,000
Issuance of convertible securities with beneficial conversion features	-	-	-	-	10,782	-	-	10,782
Net loss for the three months ended March 31, 2018	-	-	-	-	-	-	(437,008)	(437,008)
Balance, March 31, 2018	3,644,578	$ 3,645	302,497,119	$ 302,497	$ 40,093,956	$ 85,000	$ (43,554,819)	$ (3,069,721)

Geospatial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31, 2018	2017
Cash flows from operating activities:		
Net loss	$ (437,008)	$ (230,815)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,030	16,432
Amortization of deferred debt issue costs	55,839	-
Amortization of discount on notes payable	10,782	26,917
Gain on extinguishment of debt	-	(13,693)
Accrued registration payment arrangement	-	(254,458)
Accrued interest payable	43,380	44,204
Changes in operating assets and liabilities:		
Accounts receivable	(48,814)	(9,600)
Prepaid expenses and other current assets	13,076	62,362
Accounts payable	24,857	13,884
Accrued expenses	139,799	114,949
Net cash used in operating activities	(195,059)	(229,818)
Cash flows from financing activities:		
Principal payments on notes payable	(7,500)	(18,653)
Principal payments on capital lease liabilities	-	(885)
Proceeds from sale of common stock, net of offering costs	95,000	250,000
Proceeds from exercise of warrants to purchase common stock	100,000	-
Net cash provided by financing activities	187,500	230,462
Net change in cash and cash equivalents	(7,559)	644
Cash and cash equivalents at beginning of period	8,357	66,992
Cash and cash equivalents at end of period	$ 798	$ 67,636
Supplemental disclosures:		
Cash paid during period for interest	$ 748	$ 1,348
Cash paid during period for income taxes	-	-
Non-cash transactions:		
Issuance of common stock in settlement of liabilities	-	9,560
Issuance of common stock for registration penalty	-	13,200
Issuance of convertible securities with beneficial conversion features	10,782	11,100

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
March 31, 2018

Note 1 – Basis of Presentation

The Unaudited Consolidated Financial Statements included herein have been prepared by Geospatial Corporation (the "Company") in accordance with accounting principles generally accepted in the United States of America for interim financial information and regulations issued pursuant to the Securities Exchange Act of 1934, as amended. Accordingly, the accompanying Unaudited Consolidated Financial Statements do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying Unaudited Consolidated Financial Statements as of and for the three months ended March 31, 2018 should be read in conjunction with the Company's Financial Statements as of and for the year ended December 31, 2017. In the opinion of the Company's management, all adjustments considered necessary for a fair statement of the accompanying Unaudited Consolidated Financial Statements have been included, and all adjustments, unless otherwise discussed in the Notes to the Unaudited Consolidated Financial Statements, are of a normal and recurring nature. Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018, or any other interim periods, or any future year or period.

The use of accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, Geospatial Mapping Systems, Inc. and Utility Services and Consulting Corporation, which ceased operations in 2011. All intercompany accounts and transactions have been eliminated.

Note 2 – Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2018	December 31, 2017
Payroll and taxes	$ 1,207,746	$ 1,067,197
Accounting	46,754	47,504
Contractors and subcontractors	10,227	10,227
Interest	2,443	2,243
Other	104,382	104,382
Accrued expenses	$ 1,371,552	$ 1,231,553

Note 3 – Related-Party Transactions

The Company leases its headquarters building from Mark A. Smith, the Company's Chairman and Chief Executive Officer. The building has approximately 3,200 square feet of office space, and is used by the Company's corporate, technical, and operations staff. Mr. Smith has agreed to suspend collection of rent effective April 1, 2016. No rent will accrue during the suspension. The lease is cancellable by either party upon 30 days' notice. The Company incurred no lease expense during the three months ended March 31, 2018 and 2017.

On November 9, 2012, the Company and Mr. Smith entered into a Lease Agreement, pursuant to which the Company leased a field vehicle from Mr. Smith. The lease was for 60 months, and was for substantially the same terms for which Mr. Smith leased the vehicle from the manufacturer. No interest expense was incurred during the three months ended March 31, 2018. Interest on the lease amounted to $22 for the three months ended March 31, 2017. The lease was recorded as a capital lease. The lease expired during the year ended December 31, 2017.

Note 4 – Notes Payable

Current notes payable consisted of the following:

Secured Promissory Note, payable to an individual, bearing interest at 15% per annum, due June 1, 2018, net of discount and deferred issuance costs. The note is convertible to con
Current portion of long-term notes payable
Current notes payable

Long-term notes payable consisted of the following:

	March 31, 2018
Notes payable under settlement agreements with former employees, payable monthly with terms of up to 39 months, with interest rates ranging from 0% to 20%	$ 24,688
Total long-term notes payable	24,688
Less: current portion	(24,688)
Long-term notes payable, less current portion	$ -

Note 5 – Income Taxes

The Company's provision for (benefit from) income taxes is summarized below:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Current:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred:		
Federal	(82,212)	(71,608)
State	(43,499)	(22,733)
	(125,711)	(94,341)
Total income taxes	(125,711)	(94,341)
Less: valuation allowance	125,711	94,341
Net income taxes	$ -	$ -

The reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Federal statutory rate	21.0 %	35.0 %
State income taxes (net of federal benefit)	7.9	6.5
Valuation allowance	(28.9)	(41.5)
Effective rate	0.0 %	0.0 %

Significant components of the Company's deferred tax assets and liabilities are summarized below. A valuation allowance has been established as realization of such assets has not met the more-likely-than-not threshold requirement under FASB ASC 740.

	March 31, 2018	December 31, 2017
Start-up costs	$ 10,701	$ 12,413
Depreciation	(33,552)	(31,601)
Accrued expenses	288,112	248,882
Net operating loss carryforward	12,093,448	12,003,305
Deferred income taxes	12,358,709	12,232,999
Less: valuation allowance	(12,358,709)	(12,232,999)
Net deferred income taxes	$ -	$ -

At March 31, 2018, the Company had federal and state net operating loss carryforwards of approximately $41,845,000. The federal and state net operating loss carryforwards will expire beginning in 2021 and 2026, respectively. The amount of the state net operating loss carryforward that can be utilized each year to offset taxable income is limited by state law.

Note 6 – Net Income (Loss) Per Share of Common Stock

Basic net income (loss) per share of common stock are computed by dividing earnings available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share reflects per share amounts that would have resulted if dilutive potential common stock had been converted to common stock. Dilutive potential common shares are calculated in accordance with the treasury stock method, which assumes that proceeds from the exercise of all warrants and options are used to repurchase common stock at market value. The number of shares remaining after the proceeds are exhausted represents the potentially dilutive effect of the securities.

The following reconciles amounts reported in the financial statements:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net loss	$ (437,008)	$ (230,815)
Weighted average number of shares of common stock outstanding	292,830,452	237,659,384
Dilutive potential shares of common stock	292,830,452	237,659,384
Net loss per share of common stock:		
Basic	$ (0.00)	$ (0.00)
Diluted	$ (0.00)	$ (0.00)

The following securities were not included in the computation of diluted net loss per share, as their effect would have been anti-dilutive:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Series C Convertible Preferred Stock	72,891,560	80,883,347
Options and warrants to purchase common stock	8,220,000	17,275,938
Secured Promissory Note	78,545,475	30,465,278
Total	159,657,035	128,624,563

Note 7 – Stock-Based Payments

During the three months ended March 31, 2018, the Company granted warrants to purchase 667,000 shares of the

Company's common stock to investors in connection with investments in the Company's common stock.

Note 8 – Gains on Extinguishment of Debt

Due to significant cash flow problems, the Company has negotiated concessions on the amounts of certain liabilities and extensions of payment terms. The Company accounts for such concessions in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 470-60, Troubled Debt Restructurings by Debtors, and ASC 405-20, Extinguishment of Liabilities, and recognizes gains to the extent that the carrying value of the liability exceeds the fair value of the restructured payment plan. Such gains are included as "Gains on extinguishment of debt" in "Other income and expenses" on the Company's Consolidated Statement of Operations. In addition, the Company has accounts payable that have aged or are expected to age beyond the statute of limitations. The Company is amortizing those liabilities over the remaining term of the statute of limitations. No gain on extinguishment of debt was recorded during the three months ended March 31, 2018. Gains on extinguishment of debt of $13,693 were recorded during the three months ended March 31, 2017.

Note 9 – Registration Payment Arrangements

The Company is contractually obligated to issue shares of its common stock to certain investors for failure to register shares of its common stock under the Securities Act of 1933, as amended (the "Securities Act"). The Company has recorded a liability for the estimated number of shares to be issued at the fair value of the stock to be issued. The Company measures fair value by the price of its common stock at its most recent sale. The Company reviews its estimate of the number of shares to be issued and the fair value of the stock to be issued quarterly. The liability is included on the Consolidated Balance Sheet under the heading "accrued registration payment arrangement," and amounted to $76,337 at March 31, 2018 and December 31, 2017. Gains or losses resulting from changes in the carrying amount of the liability are included in the Consolidated Statement of Operations in other income and expense under the heading "registration payment arrangements". The Company had no gain or loss from registration payment arrangements of during the three months ended March 31, 2018. The Company had gains from registration payment arrangements of $254,458 during the three months ended March 31, 2017.

ITEM 2: MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") together with our financial statements and notes thereto as of and for the year ended December 31, 2017, filed with our Annual Report on Form 10-K on April 16, 2018, and our financial statements and notes thereto as of and for the three months ended March 31, 2018, which appear elsewhere in this Quarterly Report on Form 10-Q.

We provide cloud-based geospatial solutions to accurately locate and digitally map underground pipelines and other infrastructure in three dimensions. Our professional staff offers the expertise, ability, and technologies required to design and execute solutions that are delivered in a cloud-based GIS (geographic information system) platform.

We believe that the market for aggregating and maintaining positional data for underground assets is maturing, and that business and governmental entities are beginning to understand the value of such data. We believe that this developing market presents us with an opportunity to deliver long-term value to our shareholders. In order to realize that value, our primary challenge is to raise working capital sufficient to operate our business, and investment capital to hire employees, acquire assets, and expand our business. Management is currently focused on raising capital, and planning to position our business to capitalize on the maturing market for positional data once such capital is in place, including identifying new technologies for aggregating positional data, developing our GeoUnderground software, and planning the strategies and processes for our upcoming marketing campaigns. We use financial and non-financial performance indicators to assess our business, including liquidity measures, revenues, gross margins, operating revenue, and backlog.

The unaudited consolidated financial statements for the periods ended March 31, 2018 and 2017 include a summary of our significant accounting policies and should be read in conjunction with the discussion below. In the opinion of management, all material adjustments necessary to present fairly the consolidated results of operations for such periods have been included in these audited consolidated financial statements. All such adjustments are of a normal recurring nature.

Results of Operations

The following discussion should be read in conjunction with our financial statements for the periods ended March 31, 2018 and 2017 and the related notes thereto.

Results of Operations for the Three Months ended March 31, 2018 and 2017

We had sales of $177,814 and $98,200 during the three months ended March 31, 2018 and 2017, respectively. Cost of sales were $42,639 and $42,054 for the three months ended March 31, 2018 and 2017, respectively. Our sales have fluctuated throughout 2018 and 2017 as our ability to market and perform jobs was hampered by our financial condition. We expect sales and cost of sales to continue to fluctuate as our business continues to mature.

Selling, general, and administrative ("SG&A") expenses were $463,145 and $482,643 for the three months ended March 31, 2018 and 2017, respectively. The decrease in SG&A costs for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 was due to a decrease in professional fees due to budget constraints, which was partially offset by an increase in payroll due to a higher headcount in 2018.

Other income and expense for the three months ended March 31, 2018 and 2017 was net expense of $109,038 and net income of $195,682, respectively. Other expense for the three months ended March 31, 2018 consisted of interest expense of 110,749, and other income of $1,711. Net other income for the three months ended March 31, 2017 included interest expense of $72,469, gains on extinguishment of debt of $13,693, and gains related to registration payment arrangements of $254,458.

The increase in interest expense in 2018 was due to interest on the Truitt Note, which increased due to a higher outstanding balance, a higher interest rate incurred pursuant to a note extension agreement, and amortization of deferred debt issue costs.

Gains or expense related to registration payment arrangements result from a series of Stock Subscription Agreements we entered into in 2009 and 2010 (the "Stock Subscription Agreements"). We were required to register the shares of common stock sold pursuant to the Stock Subscription Agreements under the Securities Act. Our failure to timely register the shares of common stock under the Securities Act timely resulted in our obligation to issue additional shares ("Penalty Shares") to investors who purchased shares pursuant to the Stock Subscription Agreements. We recorded a liability on our books for the value of the estimated number of shares to be issued. We incur losses on our registration payment arrangements when the estimated number of Penalty Shares to be issued increases, or when the value of our common stock increases. We record gains on our registration payment arrangements when the estimated number of Penalty Shares to be issued decreases, or when the value of our common stock decreases.

We had no gain or loss related to registration payment arrangements during the three months ended March 31, 2018. During the three months ended March 31, 2017, we had gains related to registration payment arrangements of $254,458 due to a decrease in the value of our common stock. We expect that income or expense related to registration payment arrangements will fluctuate as the price of our common stock and the estimate of the number of Penalty Shares to be issued fluctuate.

We had no benefit from income taxes during the three months ended March 31, 2018 and 2017, as our deferred tax benefit was completely offset by a

valuation allowance due to the uncertainty of realization of the benefit.

Liquidity and Capital Resources

At March 31, 2018, we had current assets of $221,017, and current liabilities of $3,300,184.

Our Company has incurred net losses since inception. Our operations and capital requirements have been funded by sales of our common and preferred stock, advances from our chief executive officer, and issuance of notes payable. At March 31, 2018, current liabilities exceeded current assets by $3,079,167, and total liabilities exceeded total assets by $3,069,721. Those factors raise doubts about our ability to continue as a going concern.

On April 2, 2015, we entered into a Note and Warrant Purchase Agreement with David M. Truitt, pursuant to which Mr. Truitt loaned us $1,000,000 pursuant to a Secured Note Payable (as amended, the "Truitt Note") that is secured by substantially all of the Company's assets, and is convertible at the holder's option to shares of the Company's common stock at a discount to our trading value. The Truitt Note was originally due on October 2, 2015. On January 26, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "January 2016 Amendment"), pursuant to which Mr. Truitt loaned us an additional $250,000, and extended the due date of the Truitt Note to July 31, 2016. We also issued Mr. Truitt warrants to purchase 25.0 million shares of our common stock in connection with the January 2016 Amendment. On August 12, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2016 Amendment"), pursuant to which Mr. Truitt agreed to extend the maturity date of the Truitt Note to January 31, 2017, in consideration for the Company issuing to Mr. Truitt warrants to purchase 12.0 million shares of the Company's common stock. On November 9, 2016, we made a payment of $200,000 of the balance of the Truitt Note. On December 14, 2016, we entered into a Note and Warrant Purchase Agreement (together with the Truitt Note, as amended, the "Truitt Notes") with Mr. Truitt, pursuant to which Mr. Truitt loaned the Company an additional $100,000 subject to the terms of the Truitt Note, and the Company issued to Mr. Truitt warrants to purchase 100,000 shares of the Company's common stock. On August 31, 2017, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2017 Amendment") pursuant to which (i) the maturity date of the Truitt Notes were extended to June 1, 2018; (ii) the price at which the Truitt Notes are convertible to shares of the Company's common stock was amended to institute a floor of $0.02 per share; (iii) the interest rate on the Truitt Notes were amended to 15% per annum effective upon the execution of the August 2017 Amendment; (iv) the events of default under the Truitt Notes were waived; and (v) the Company delivered to Mr. Truitt a warrant to purchase 20.0 million shares of the Company's common stock at a price of $0.01 per share. We currently do not have the ability to pay the Truitt Notes.

During 2018, we sold approximately 6.7 million shares of common stock for a net consideration of $95,000, and received $100,000 for the exercise of warrants to purchase 10.0 million shares of common stock. In addition, we issued approximately 3.2 million shares of stock for services with a fair value of $44,520.

Management is continuing its efforts to secure funding sufficient for the Company's operating and capital requirements through private sales of common stock and issuance of notes payable, and to negotiate settlements or extensions of existing liabilities. The proceeds of such sales of stock or issuances of notes payable, if any, will be used to repay the Truitt Notes and to fund general working capital needs.

We changed the focus of our company to position us to generate revenue from both data acquisition and data management. We expanded our service offerings to provide data acquisition services utilizing several technologies. We developed new, cloud-based mapping software to be marketed under our existing name GeoUndergound that replaces our previous version of GeoUnderground. We currently utilize GeoUnderground to deliver data to customers. We intend to offer GeoUnderground as a subscription-based stand-alone product. We believe that our changes to our operating focus will enable us to increase revenue from operations substantially.

We believe that our actions and planned actions will enable us to finance our operations beyond the next twelve months.

We do not believe that inflation and changing prices will have a material impact on our net sales and revenues, or on income from continuing operations.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of March 31, 2018.

Application of Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions which, in our opinion, are significant to the underlying amounts included in the financial statements and for which it would be reasonably possible that future events or information could change those estimates include:

Registration Payment Arrangements. We are contractually obligated to issue shares of our common stock to certain investors for failure to timely register their shares of our common stock under the Securities Act. We have recorded a liability for the estimated number of shares to be issued at the fair value of the stock to be issued. We review on a quarterly basis our estimate of the number of shares to be issued and the fair value of the stock to be issued.

Realization of Deferred Income Tax Assets. We provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between financial reporting and tax accounting methods and any available operating loss or tax credit carryovers. At March 31, 2018, we had a deferred tax asset resulting principally from our net operating loss deduction carryforward available for tax purposes in future years. This deferred tax asset is completely offset by a valuation allowance due to the uncertainty of realization. We evaluate the necessity of the valuation allowance quarterly.

Estimated Costs to Complete Fixed-Price Contracts. We record revenues for fixed-price contracts under the percentage-of-completion method of accounting, whereby revenues are recognized ratably as those contracts are completed. This rate is based primarily on the proportion of contract costs incurred to date to total contract costs projected to be incurred for the entire project, or the proportion of measurable output completed to date to total output anticipated

for the entire project. We review our estimates of costs to complete each contract quarterly, and make adjustments if necessary. At March 31, 2018, we had no open contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk—Interest rate risk refers to fluctuations in the value of a security resulting from changes in the general level of interest rates. We do not have significant short-term investments. Accordingly, we believe that we do not have a material interest rate exposure.

Foreign Currency Risk—Our functional currency is the United States dollar. We do not currently have any assets or liabilities denominated in foreign currencies. Consequently, we have no direct exposure to foreign currency risk.

Commodity Price Risk—Based on the nature of our business, we have no direct exposure to commodity price risk.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the United States Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of Company management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to the Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-15(e) and 15d-15(e). Based upon, and as of the date of this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently involved in any pending or threatened material litigation or other material legal proceedings, nor have we been made aware of any pending or threatened regulatory audits.

ITEM 2. SALES OF UNREGISTERED EQUITY SECURITIES

On February 20, 2018, the Company sold 6,666,667 shares of its common stock at a price of $0.015 per share and issued warrants to purchase 667,000 shares of common stock at an exercise price of $0.04, to an investor, for an aggregate sales price of $95,000. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On February 22, 2018, the Company issued 10,000,000 shares of its common stock to an investor upon the exercise of warrants to purchase common stock at an exercise price of $0.01 per share, for an aggregate exercise price of $100,000. Such shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) and/or Section 3(a)(9) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company issued the shares without any general solicitation or advertisement, and with a restriction on resale.

On April 12, 2018, the Company issued 3,180,000 shares of its common stock to a consultant in exchange for services with a fair value of $47,700. Such shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) and/or Section 3(a)(9) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company issued the shares without any general solicitation or advertisement, and with a restriction on resale.

The recipients of the securities in each of the transactions described above represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit	Description
31.1	Rule 13a-14(a) Certification of Mark A. Smith
31.2	Rule 13a-14(a) Certification of Thomas R. Oxenreiter
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Extension Schema
101.LAB	XBRL Labels Linkbase
101.DEF	XBRL Definitions Linkbase
101.CAL	XBRL Calculations Linkbase
101.PRE	XBRL Presentation Linkbase

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 15, 2018

Geospatial Corporation
(Registrant)

By: /S/ MARK A. SMITH
Name: **Mark A. Smith**
Title: **Chief Executive Officer**

By: /S/ THOMAS R. OXENREITER
Name: **Thomas R. Oxenreiter**
Title: **Chief Financial Officer**

EX-31.1 2 gs_ex31z1.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark A. Smith, certify that:

1) I have reviewed this Quarterly Report for the quarter ended March 31, 2018 on Form 10-Q of Geospatial Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018	By:	/s/ Mark A. Smith
	Name:	Mark A. Smith
	Title:	Chief Executive Officer

EX-31.2 3 gs_ex31z2.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas R. Oxenreiter, certify that:

1) I have reviewed this Quarterly Report for the quarter ended March 31, 2018 on Form 10-Q of Geospatial Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2018

By: /s/ Thomas R. Oxenreiter
Name: Thomas R. Oxenreiter
Title: Chief Financial Officer

EX-32.1 4 gs_ex32z1.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 32.1

CERTIFICATION PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Geospatial Corporation (the "Company") on Form 10-Q for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the "Report"), I, Mark A Smith, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 15, 2018

By: /s/ Mark A. Smith
Name: Mark A. Smith
Title: Chief Executive Officer

EX-32.2 5 gs_ex32z2.htm CERTIFICATION

GEOSPATIAL CORPORATION - 10-Q

Exhibit 32.2

CERTIFICATION PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Geospatial Corporation (the "Company") on Form 10-Q for the period ending March 31, 2018 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas R. Oxenreiter, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C.
Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 15, 2018

By: /s/ Thomas R. Oxenreiter
Name: Thomas R. Oxenreiter
Title: Chief Financial Officer