

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

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

FOR THE FISCAL YEAR ENDED: DECEMBER 31, 2015

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**  
(State or other jurisdiction of  
incorporation or organization)

**87-0554463**  
(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)

Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 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       Smaller reporting Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

Aggregate market value of voting common stock held by non-affiliates of the registrant at June 30, 2015: \$16,771,360. For purposes of this calculation, executive officers, directors, and persons holding in excess of 5% of the outstanding shares of common stock are considered affiliates.

Number of shares of common stock outstanding as of April 4, 2016: 143,336,073.

Documents incorporated by reference: None.

**GEOSPATIAL CORPORATION**  
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**SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

*The statements set forth under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Result of Operations,” and “Business,” and other statements included elsewhere in this Annual Report and Form 10-K, which are not historical, constitute “Forward Looking Statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder, including statements regarding the 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; and our inability to use historical financial data to evaluate our financial performance. See “Risk Factors” beginning on page 7.*

*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, you 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.*

**PART I**

**Item 1. Business.**

***Company Overview***

The Company was incorporated on December 26, 1995 in the state of Nevada as Kayenta Kreations, Inc. In connection with a merger in 2008, the Company changed its name to Geospatial Holdings, Inc., and in 2013, changed its name to Geospatial Corporation (“we” or the “Company”). Geospatial Mapping Systems, Inc. is the Company’s wholly-owned subsidiary and operating unit.

***General Description of the Business***

We provide proven cloud-based geospatial solutions to accurately locate and digitally map in 3D underground pipelines and other infrastructure. Our professional staff offers the expertise, ability and technologies required to design and execute innovative, challenging solutions that push the Company to the forefront of the cloud-based infrastructure mapping industry. Geospatial Corporation is steadfastly committed to our mission – “To provide our clients with an unparalleled 3D understanding of the world’s underground infrastructure”.

We carefully listen to each client's precise needs and provide unique and innovative technological solutions to locate, map and manage our clients' critical infrastructure data. Our clear communication and time-tested technical expertise enable us to think outside the box as we provide underground infrastructure mapping solutions to benefit our clients and the community.

We provide two types of services to our clients, data acquisition and data management. Data acquisition entails utilizing various technologies to accurately locate the exact position and depth of underground pipelines and conduits along with information on existing aboveground infrastructure. We provide data management services in which we securely manage this critical infrastructure data through the licensing of our cloud-based GeoUnderground GIS (Geographic Information System) software.

### ***Product Development and Introduction***

The GIS technology and mapping industry is characterized by rapid technological change in computer hardware, operating systems and software. In addition, consumers' requirements and preferences rapidly evolve, as do their expectations of the performance of their software and the accuracy of the collected data managed by their software. To keep pace with these changes, we maintain a vigorous program of new product development to address demands in the marketplace for our products. Just as the transition from mainframes to personal computers transformed the industry thirty years ago, we believe our industry is undergoing a similar transition from the personal computer to cloud, social and mobile information management and sharing.

We dedicate considerable technical and financial resources to research and development to further enhance our existing products and to create new software products and data acquisition technologies. Our software is primarily developed internally, however, we also use independent firms or contractors to perform some of our product development activities.

We spent \$108,264 and \$193,637 on research and development during the years ended December 31, 2015 and 2014, respectively.

### ***Sales and Marketing Efforts***

Along with GeoUnderground, we now provide a cloud-based infrastructure management solution to our clients, which include utilities, municipalities, government agencies, and other facilities. Over the past few years, due to financial constraints, the majority of our sales have resulted from word-of-mouth referrals. We have not had a formal marketing or sales program over the past five years.

We intend to establish Regional Technical Sales Managers ("RTSMs") in various sales regions across the United States, Canada, the Middle East, and Australia. Each RTSM will be responsible for developing and implementing a sales program which meets our specific targets. As business is developed in each sales region, we expect field technicians to be assigned to work under each RTSM to assist the RTSM in performing pipeline mapping services.

We intend to engage in direct-sale marketing efforts, whereby we will require that each of our RTSMs establish relationships and schedule webinar meetings with GIS and utilities managers, engineering companies, major utility companies and major utility contractors within each of their respective sales regions in order to demonstrate our data acquisition technologies, GeoUnderground, and its associated benefits. We also intend to demonstrate the use and functionality of GeoUnderground at numerous national and regional trade shows sponsored by related industry groups. In addition, we will expect each RTSM to generate sales leads through social media and webinars.

### ***Financing***

From January 1, 2014 through December 31, 2015, we raised approximately \$3.2 million in cash through the private sale of our common stock and exercises of warrants to purchase common stock and Series B Convertible Preferred Stock. In addition, during that period, we raised approximately \$1.8 million in cash through the issuance of notes payable, converted approximately \$1.7 million of our liabilities to common stock, and issued common stock for services totaling \$82,500. We intend to continue to sell our common stock and Series C Convertible Preferred Stock in private transactions to fund our general working capital needs.

### ***Intellectual Property and Licenses***

We maintain a program to legally protect our investment in technology through a combination of patent, copyright, trademark and trade secret protections, confidentiality procedures and contractual provisions. The nature and extent of legal protection associated with each such intellectual property right depends on, among other things, the type of intellectual property right and the given jurisdiction in which such right arises. We believe our intellectual property rights are valuable and important to our business.

Nonetheless, our intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. Enforcement of intellectual property rights against alleged infringers can sometimes lead to costly litigation and counterclaims. Our inability to protect our proprietary information could harm our business.

We retain ownership of all software we develop. All software is licensed to users. These licenses contain restrictions on duplication, disclosure and transfer.

We believe that because of the limitations of laws protecting our intellectual property and the rapid, ongoing technological changes in data collection and GIS software industries, we must rely principally upon data acquisition enhancements, GIS software engineering and marketing skills to maintain and enhance our competitive market position.

### ***Customers***

To date, we have successfully completed over 190 projects for a varied group of clients including contractors, municipalities, government agencies, utilities, telecoms, and engineering companies. We are not dependent on one or a few major customers.

### ***Government Contracts***

We expect that some of our contracts will be with federal and state government entities. These contracts may be subject to various procurement laws and regulations. If we do not comply with these laws and regulations, we may be prohibited from completing our existing government contracts or suspended from government contracting and subcontracting for some period of time. In addition, through our government contracts, we are subject to routine U.S. federal, state and local government audits. If audit findings are unfavorable, we could experience a reduction in our profitability. We are subject to audits for several years after payments for services have been received. Based on these audits, government entities may adjust or seek reimbursement for previously paid amounts.

### ***Competition***

The markets for our products and services are highly competitive and subject to rapid change. We strive to increase our competitive standing by investing in research and development, allowing us to enhance our software and data collection capabilities. We also compete by investing in marketing and sales to more effectively reach new and existing customers.

Our business is highly competitive with respect to pipeline asset management services. While we believe that our proprietary technologies provide

advantages to our clients, we will compete with numerous public and private engineering firms that provide some or all of the services that we provide. Our competitors range from large national and international firms, such as Parsons Brinkerhoff Inc., CH2M Hill Companies, PBS&J, Tetra Tech, Dycor Industries, Inc., Consolidated Utility Services, Inc., URS Corporation and CDM, to a vast number of smaller, more localized firms.

The software industry has limited barriers to entry, and the availability of computing power with continually expanding performance at progressively lower prices contributes to the ease of market entry. The GIS industry is presently undergoing a platform shift from the personal computer to cloud and mobile computing. This shift lowers the barriers to entry and poses a disruptive challenge to established GIS software companies. In addition, some of our competitors in certain markets have greater financial, technical, sales and marketing and other resources than we do. Because of these and other factors, competitive conditions in our industry are likely to continue to intensify in the future. Increased competition could result in price reductions, reduced net revenue and profit margins and loss of market share, any of which could harm our business.

We believe that the principal competitive factors (in the order of importance) in the areas of services we offer are: (i) quality of available technologies and software, (ii) quality of service, (iii) reputation, (iv) experience, (v) technical proficiency, (vi) local geographic presence, and (vii) cost of service. We believe that we are well positioned to compete effectively by emphasizing the quality and proprietary nature of our technologies and the quality of services that we offer. We are also dependent upon the availability of staff and our ability to recruit qualified management professionals and technicians. A shortage of qualified technical professionals currently exists in the engineering/GIS industry in the United States.

#### ***Seasonality***

It is possible that our contract revenue and income from operations may be slightly lower for our first fiscal quarter than for the remaining quarters due to the effect of winter weather conditions, particularly in the Mid-Atlantic and Midwest regions of the United States. Our GIS/data management activities should not be as directly impacted by seasonal weather conditions.

#### ***Personnel***

We believe that our success will greatly depend on our ability to identify, attract and retain capable employees. As of April 4, 2016, we had five employees, all of whom are full-time employees. We believe that our relations with these employees are good. None of our employees are represented by a labor union or otherwise represented under a collective bargaining agreement.

#### ***Environmental Compliance***

As our services are applicable to a large number of pipeline industry segments, we will be working, in many cases, in and around environmentally-sensitive areas, and with pipeline materials that may require specific environmental training and strict environmental procedures and guidelines. Failure to comply with these federal, state, or local environmental regulations could result in substantial penalties or fines. We have not incurred any material costs of environmental regulations during 2015 or 2014.

The enactment of various federal, state, and local environmental regulations, and variations in federal, state, and local funding for environmental compliance and enforcement of these regulations may have an effect on the capital expenditures of our clients, and thus may affect our ability to generate revenue.

#### ***Description of Property***

Our headquarters office is located in Sarver, Pennsylvania. This building, which we lease from the Company's Chairman/CEO, has approximately 3,200 square feet of office space and is used by our corporate and operations staff. This property is rented under a month-to-month lease at \$6,500 per month.

We believe that the Company's existing facilities are adequate to meet its business needs for the foreseeable future.

#### ***Legal Proceedings***

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. We believe that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or the results of operations of the Company.

### **Item 1A. Risk Factors.**

#### **RISK FACTORS**

You should carefully consider the following risk factors and all other information contained in this prospectus. Our business and our securities involve a high degree of risk. The following summarizes material risks relating to our business and our common stock. If any of the following risks actually occur, they would likely harm our business, financial condition, and results of operations.

#### **RISK FACTORS RELATED TO OUR BUSINESS**

***Our business is at an early stage of growth and we may not be able to develop the customer base necessary for success.***

Our business is still at an early stage of growth. We are still in the early stages of hiring and training our sales force and work force, and identifying and building customer relationships for the services that we expect to offer. We will have to carry out our business plan and generate significant revenues to achieve and sustain profitability in the future. Achieving and maintaining profitability is dependent upon certain factors which are outside of our control, including changes in business conditions, competition, and changes in applicable regulations. We may not be able to achieve our development goals in an efficient manner, or at all, which could have a material adverse effect on our business, financial condition or results of operations in the future.

***Our independent auditor has expressed doubts about our ability to continue as a going concern.***

Our Company has incurred net losses since inception. Our operations and capital requirements have been funded by sales of our common stock and preferred stock, issuance of notes payable, and advances from our chief executive officer. At December 31, 2015, our current liabilities exceeded our current assets by \$4,885,637, and our total liabilities exceeded our total assets by \$4,451,759. Those factors create uncertainty about our ability to continue as a going concern.

***We may have difficulty meeting our future capital requirements. If additional capital is not available, we may have to curtail or cease operations.***

We will require significant capital resources in order to profitably grow our business. We estimate that we will be able to conduct our planned operations

for approximately three months using currently-available capital resources. We need funds in our operations at a rate of approximately \$150,000 per month. We anticipate that we will need at least \$2 million to fund our planned operations for the next twelve months.

We may seek to obtain such capital resources through strategic collaborations, public or private equity or debt financings or other financing sources. The capital we need may not be available on favorable terms, or at all. Additional equity financings could result in significant dilution to our stockholders. If sufficient capital is not available to us, we may be required to reduce our workforce, reduce the scope of our marketing efforts, and/or customer service, sell all or part of our assets or terminate operations.

***If we are unable to adequately protect our proprietary technology from appropriation or imitation by competitors, our business, financial condition and results of operations may be adversely affected.***

Our business development will depend on unpatented proprietary know-how and trade secrets to establish and protect our intellectual property rights. We cannot assure you that any of our competitors will not independently develop equivalent or superior know-how, trade secrets or proprietary processes. If we are unable to maintain the proprietary nature of our technologies, our expected profit margins could be reduced as competitors imitating our technologies could compete aggressively against us in the pricing of certain services. As a result, our business, financial condition and results of operations may be materially adversely affected.

In addition, several of our business markets and customers are expected to be located outside of the United States. The laws protecting intellectual property in some countries may not provide adequate protection to prevent our competitors from misappropriating our intellectual property.

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***If we are not able to respond adequately to technological advances in the pipeline services industry, our business, reputation, results of operations and financial condition may be adversely affected.***

We compete in an industry that has seen the development of increasingly advanced technology to deliver state-of-the-art pipeline management service solutions to a variety of end-users. Our success may depend on our ability to respond to technological changes in the industry. If we are unable to respond to technological change, timely develop and introduce new products, or enhance existing products in response to changing market conditions or customer requirements or demands, we will not be able to serve our clients effectively. Moreover, the cost to modify our services, products or technologies in order to adapt to these changes could be substantial and we may not have the financial resources to fund these expenses. We cannot assure you that we will be able to replace outdated technologies, replace them as quickly as our competitors or develop and market new and better products and services in the future.

***We compete with many other resource providers and our failure to compete effectively with these providers may adversely affect our business, results of operations, financial condition and future prospects.***

Our business is characterized by competition for contracts within the government and private sectors in which service contracts are often awarded through competitive bidding processes. We compete with a large number of other service providers who offer the principal services that we offer. Many of our competitors have significantly greater marketing and sales resources than we do. In this competitive environment, we must provide technical proficiency, quality of service and experience to ensure future contract awards and revenue and profit growth.

***Our ability to recruit, train and retain professional personnel of the highest quality is a competitive necessity. Our future inability to do so would adversely affect our competitiveness.***

Services in our data acquisition and pipeline data management markets are performed by our staff of technical professionals, field services, and management personnel. A shortage of qualified technical professionals currently exists in the engineering and energy services industries in the United States and foreign markets. Our future growth requires the effective recruiting, training and retention of well-qualified personnel. Our inability to do so would adversely affect our business performance and limit our ability to perform new contracts.

***Loss of key individuals could disrupt our operations and have a material adverse effect on our business.***

Our success depends, in part, on the efforts of certain key individuals, including the members of our senior management team. The loss of the services of any of our key employees could disrupt our operations and have a material adverse effect on our business.

***Changes and fluctuations in government spending priorities could materially affect our future revenue and growth prospects.***

We expect that agencies of the U.S. federal government, and state and local governments and government agencies and government contractors, will be among our primary customers. These governments and agencies depend on funding or partial funding provided by the U.S. federal government. Consequently, any significant changes and fluctuations in the government's spending priorities as a result of policy changes or economic downturns may directly affect our future revenue streams. Legislatures may appropriate funds for a given project on a year by year basis, even though the project may take more than one year to perform. As a result, at the beginning of a project, the related contract may only be partially funded, with additional funding committed only as appropriations are made in each subsequent year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by, among other things, the state of the economy, competing political priorities, curtailments in the use of government contracting firms, rising raw material costs, delays associated with a lack of a sufficient number of government staff to oversee contracts, budget constraints, the timing and amount of tax receipts, and the overall level of government expenditures. Additionally, reduced spending by the U.S. government may create competitive pressure within our industry which could result in lower revenues and margins in the future.

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***Unpredictable economic cycles or uncertain demand for our pipeline data management capabilities and related services could cause our revenues to fluctuate or contribute to delays or the inability of customers to pay our fees.***

Demand for our pipeline data management and other services are affected by the general level of economic activity in the markets in which we operate, both in the U.S. and internationally. Our customers, particularly our private sector customers, and the markets in which we compete to provide services, are likely to experience periods of economic decline from time to time. Adverse economic conditions may decrease our customers' willingness to make capital expenditures or otherwise reduce their spending to purchase services, which could result in diminished revenues and margins for our business. In addition, adverse economic conditions could alter the overall mix of services that our customers seek to purchase, and increased competition during a period of economic decline could result in us accepting contractual terms that are less favorable to us than we might be able to negotiate under other circumstances. Changes in our mix of services or a less favorable contracting environment may cause our revenues and margins to decline. Moreover, our customers may experience difficult business climates from time to time and could delay or fail to pay our fees as a result.

***If we are unable to accurately estimate and control our contract costs, then we may incur losses on our contracts, which could decrease our operating margins and significantly reduce or eliminate our profits.***

It is important for us to control our contract costs so that we can maintain positive operating margins. Under our fixed price contracts, we receive a fixed price regardless of what our actual costs will be. Consequently, we realize a profit on fixed price contracts only if we control our costs and prevent cost overruns on those contracts. Under our time-and-materials contracts, we are paid for labor and equipment at negotiated hourly billing rates and for other expenses. Profitability on our contracts is driven by our ability to estimate and manage costs. Under each type of contract, if we are unable to control costs, we may incur losses on our contracts, which could decrease our operating margins and significantly reduce or eliminate our profits.

***Due to the nature of the work we perform to complete pipeline data management contracts, we are subject to potential liability claims and contract disputes, and our inability to resolve such claims and disputes may result in profit reductions and reduced cash flows.***

Our pipeline data management contracts often involve projects where design, construction, system failures or accidents could result in substantially large or punitive damages for which we could have liability. Our operations can involve professional judgments regarding the planning, design, development, construction, operations and management of facilities and public infrastructure projects. Although we are adopting a range of insurance, risk management safety and risk avoidance programs designed to reduce potential liabilities, there can be no assurance that such programs will protect us fully from all risks and liabilities.

We may also experience a delay or withholding of payments for services due to performance disputes. If we are unable to resolve these disputes and collect these payments, we would incur profit reductions and reduced cash flows.

***If we miss a required performance standard, fail to timely complete, or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.***

We may commit to a client that we will complete a project by a scheduled date. We may also commit that a project, when completed, will achieve specified performance standards. If the project is not completed by the scheduled date or fails to meet the required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. The uncertainty of the timing of a project can present difficulties in planning the amount of personnel needed for the project. If a project is delayed or canceled, we may bear the cost of an underutilized workforce that was dedicated to fulfilling that project. In addition, performance of a project can be affected by a number of factors beyond our control, including unavoidable delays from weather conditions, changes in the project scope of services requested by the client or labor or other disruptions. In some cases, should we fail to meet required performance standards, we may also be subject to agreed-upon financial damages. To the extent that these events occur, the total costs of the project could exceed our estimates or, in some cases, we could incur a loss on the project, which may reduce or eliminate our overall profitability.

***We may be subject to procurement laws and regulations associated with government contracts. If we do not comply with these laws and regulations, we may be prohibited from completing our existing government contracts or suspended from government contracting and subcontracting for some period of time.***

Our compliance with the laws and regulations relating to the procurement, administration and performance of our government contracts is dependent upon our ability to ensure that we properly design and execute compliant procedures. Our termination from any larger government contracts or suspension from future government contracts for any reason would result in material declines in our expected revenue. Because U.S. federal laws permit government agencies to terminate a contract for convenience, the U.S. federal government may terminate or decide not to renew our contracts with little or no prior notice.

***We are subject to routine U.S. federal, state and local government audits related to our government contracts. If audit findings are unfavorable, we could experience a reduction in our profitability.***

Our government contracts are subject to audit. These audits may result in the determination that certain costs claimed as reimbursable are not allowable or have not been properly allocated to government contracts according to federal government regulations. We are subject to audits for several years after payments for services have been received. Based on these audits, government entities may adjust or seek reimbursement for previously-paid amounts.

***Our potential involvement in partnerships and joint ventures and our use of subcontractors may expose us to additional legal and market reputation damages.***

Our methods of delivery may include the use of partnerships, subcontractors, joint ventures and other ventures. If our partners or subcontractors fail to satisfactorily perform their obligations as a result of financial or other difficulties, we may be unable to adequately perform or deliver our contracted services. Under these circumstances, we may be required to make additional investments and provide additional services to ensure the adequate performance and delivery of the contracted services. Additionally, we may be exposed to claims for damages that are a result of a partner's or subcontractor's performance. We could also suffer contract termination and damage to our reputation as a result of a partner's or subcontractor's performance.

***We may be subject to litigation that will be costly to defend or pursue and uncertain in its outcome.***

Our business may bring us into conflict with customers, vendors, investors, or others with whom we have contractual or other business relationships, or with our competitors or others whose interests differ from ours. If we are unable to resolve these conflicts on terms that are satisfactory to all parties, we may become involved in litigation brought by or against us. This litigation could be expensive and may require a significant amount of management's time and attention, at the expense of other aspects of our business. The outcome of litigation is always uncertain, and in some cases could include judgments against us that require us to pay damages, enjoin us from certain activities, or otherwise affect our legal or contractual rights, which could have a significant adverse effect on our business.

***We use the percentage-of-completion method of accounting for many of our projects. This method may result in volatility in stated revenues and profits.***

Our revenues and profits for many of our contracts are recognized ratably as those contracts are performed. This rate is based primarily on the proportion of labor costs incurred to date to total labor costs projected to be incurred for the entire project. This method of accounting requires us to calculate revenues and profit to be recognized in each reporting period for each project based on our predictions of future outcomes, including our estimates of the total cost to complete the project, project schedule and completion date, the percentage of the project that is completed and the amounts of any probable unapproved change orders. Our failure to accurately estimate these often subjective factors could result in reduced profits or losses for certain contracts.

***Some of our services may be subject to government regulation, which could lead to higher expenses and reduced profitability.***

State laws vary on data collection. Some states require that data collectors must have a surveyor's license. These regulations may impair our ability to operate in some jurisdictions, or may require us to obtain surveyor licenses, which will result in higher expenses and reduced profitability.

***We have a limited accounting and administrative staff, and anticipate the need to hire additional staff. Our failure to do so could lead to internal control deficiencies.***

Due to our financial condition, we have been limited in our ability to fully staff our accounting and administrative departments. We intend to expand our accounting and administrative staff. Our success will depend on the effective recruitment, training, and retention of qualified, competent accounting and administrative professionals. Failure to adequately supplement our accounting and administrative staff could lead to internal control deficiencies.

***We have not filed all our required tax returns and therefore may be liable for taxes, penalties and interest which could impair our financial condition and results of operations.***

Due to the Company's financial condition, we have been unable to prepare and file our federal and state tax returns for the 2009 tax year through the current tax year. Although we do not owe income taxes, we may be liable for franchise taxes, penalties, and interest. We intend to comply fully with our current and prior federal and state tax reporting obligations in 2016. We have accrued a liability for the taxes, penalties, and interest for which we are liable, which we estimate to be approximately \$45,000, and for the cost to prepare and file the returns, which we estimate to be approximately \$50,000.

## **RISK FACTORS RELATED TO OUR COMMON STOCK**

***Because our common stock is considered a "penny stock," it may be more difficult for investors to sell shares of our common stock, and the market price of our common stock may be adversely affected.***

Our common stock is considered to be a "penny stock" under the definitions in Rules 15g-2 through 15g-6 promulgated by the Securities and Exchange Commission ("SEC") under Section 15(g) of the Exchange Act. Under the rules, for purposes relevant to us, stock is considered "penny stock" if: (i) the stock trades at a price less than \$5.00 per share; (ii) it is not traded on a "recognized" national exchange; (iii) it is not quoted on the Nasdaq Stock Market, or even if quoted, has a price less than \$5.00 per share; and (iv) is issued by a company with net tangible assets less than \$2.0 million, if in business more than a continuous three years, or with average revenues at less than \$6.0 million for the past three years. The principal result or effect of being designated a "penny stock" is that securities broker-dealers cannot recommend our stock but must trade it on an unsolicited basis.

Section 15(g) of the Exchange Act and Rule 15g-2 promulgated thereunder by the SEC require broker-dealers in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stocks." Moreover, Rule 15g-9 requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to:

- (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives;
- (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions;
- (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and

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- (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for holders of our common stock to resell their shares to third parties or to otherwise dispose of them in the market or otherwise.

Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our common stock may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, investors may not always be able to resell their shares of our common stock publicly at times and prices that they believe are appropriate.

***FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.***

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit an investor's ability to buy and sell our stock and have an adverse effect on the market for our shares.

***Trading of our common stock is limited which may negatively impact the price of our common stock and make it difficult for our stockholders to sell their shares.***

Trading of our common stock is currently conducted on the OTC Venture Market. The liquidity of our common stock is limited by, among other things, the number of shares that can be bought and sold at a given price and the lack of coverage by security analysts and the media, and may also be adversely affected by delays in the timing of transactions. Currently, there are approximately 240 holders of record of our common stock. These factors may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our common stock. In addition, without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate his investment in our common stock. Trading of a relatively small volume of our common stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger. We cannot predict the prices at which our common stock will trade in the future.

***An additional number of the Company's Shares of common stock are likely to become freely tradable which could cause our stock price to decrease.***

As of April 4, 2016, we had 143,336,073 shares of common stock outstanding. Approximately 41,998,611 of such shares are currently unrestricted and freely tradable on the OTC Venture Market where our common stock trades. In addition, 78,476,039 shares of our common stock have been registered for sale pursuant to our Registration Statement that was declared effective on July 10, 2015. Of our remaining outstanding shares, some or all of such shares may become eligible for resale in the future under Rule 144 under the Securities Act.

We cannot predict the effect, if any, that the ability to sell additional shares of our common stock to the public will have on the prevailing market price of our common stock from time to time. Nevertheless, if a significant number of shares of our common stock are sold in the public market, or if people believe that such sales may occur, the prevailing market price of our common stock could decline and could impair our future ability to raise capital through the sale of our equity securities.

In order to meet our capital requirements, we may elect to offer and sell additional shares of our common or preferred stock. There is the possibility that such sales may result in dilution in the value of our common stock.

***We are contractually obligated to issue additional shares of common stock to certain investors, which may result in significant dilution in the value of our common stock and may adversely impact our results of operations.***

We are contractually obligated to issue additional shares of our common stock to certain investors because we did not timely register their shares of our common stock under the Securities Act. We estimate that we will need to issue approximately 5.5 million shares of common stock. The issuance of such shares may result in significant dilution in the value of our common stock. We have recorded a liability on our books for the estimated value of the shares that we will be required to issue. An increase in the estimated value of the shares, or an increase in the estimated number of shares to be issued, will negatively impact our results of operations.

***We have an outstanding convertible note with a fluctuating conversion rate that is set at a discount to market prices of our common stock during the period immediately preceding conversion, which may result in material dilution to our stockholders.***

On April 2, 2015, we issued a Secured Promissory Note to David M. Truitt (as amended, the "Truitt Note") in the principal amount of \$1,000,000. On January 27, 2016, the Truitt Note was amended to include an additional \$250,000 loan. The Truitt Note is convertible into shares of our common stock at a price per share equal to 75% of the average closing bid prices of our common stock for the ten days preceding the conversion date. This could result in material dilution to existing stockholders of the Company, particularly in the event that the average closing bid prices of our common stock declines below the offering price of shares in this offering. By way of illustration, the following table sets forth the dilutive impact of a conversion of the Truitt Note at maturity, assuming that the average closing bid price of our common stock for the ten days preceding the conversion is equal to \$0.01, \$0.03, \$0.05, and \$0.07:

<u>Average Closing Bid Price</u>	<u>Conversion Price</u>	<u>Shares Issuable</u>
\$ 0.01	\$ 0.0075	184,666,667
\$ 0.04	\$ 0.0300	46,166,667
\$ 0.07	\$ 0.0525	26,380,952
\$ 0.10	\$ 0.0750	18,466,667

***Our obligations under the Truitt Note are secured by all of our assets and therefore if we default thereunder, the holder could foreclose its security interest and liquidate our assets, which would cause us to cease operations.***

Our obligations under the Truitt Note are secured by a lien on all of our assets. As a result, if we default under the terms of the Truitt Note, Mr. Truitt could foreclose his security interest and liquidate all of our assets. This would cause us to cease operations.

***The directors and officers of the Company may have certain personal interests that may affect the Company.***

A small group of directors, executive officers, principal stockholders and affiliated entities will beneficially own, in the aggregate, more than 50% of the Company's outstanding voting securities. As a result, if some or all of them acted together, they would have the ability to exert substantial influence over and/or control the election of the Board of Directors and the outcome of issues requiring approval by the Company's stockholders. This concentration of ownership may have the effect of delaying or preventing a change in control of the Company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices.

***Trading in our securities could be subject to extreme price fluctuations that could cause the value of your investment to decrease.***

Our stock price has fluctuated significantly in the past and could continue to do so in the future. Our stock is thinly-traded, which means investors will have limited opportunities to sell their shares of common stock in the open market. Limited trading of our common stock also contributes to more volatile price fluctuations. The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new services or service enhancements by us or our competitors;
- developments concerning intellectual property rights and regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our common stock is covered by analysts;
- developments in the pipeline management services industry;
- the results of product liability or intellectual property lawsuits;
- future issuances of common stock or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market in general has recently experienced extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Given these fluctuations, an investment in our stock could lose value. A significant drop in our stock price could expose us to the risk of securities class action lawsuits. Defending against such lawsuits could result in substantial costs and divert management's attention and resources, thereby causing an investment in our stock to lose additional value.

***We have never paid dividends and do not anticipate paying any dividends on our common stock in the future, so any return on an investment in our common stock will depend on the market price of the stock.***

We have not paid, and do not expect to pay, any cash dividends on our common stock, as any earnings generated from future operations will be used to finance our operations. As a result, investors will not realize any income from an investment in our common stock until and unless their shares are sold at a profit.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and operating results. In addition, current and potential shareholders could lose confidence in our financial reporting, which could have a***

Effective internal controls are necessary for us to provide reliable financial reports. A failure to provide effective internal controls may present opportunities for fraud and erroneous reporting of financial reports and operating results. We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. During the course of our testing, we may identify deficiencies and weaknesses which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to maintain the adequacy of our internal control structure, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Disclosing significant deficiencies or material weaknesses in our internal controls, failing to remediate these deficiencies or weaknesses in a timely fashion or failing to achieve and maintain an effective internal control environment may cause investors to lose confidence in our reported financial information, which could have a material adverse effect on the price of our common stock.

***The requirements of being a public company may strain our resources and divert management's attention.***

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other applicable securities rules and regulations. Despite recent reforms made possible by the JOBS Act, compliance with these rules and regulations will nonetheless increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. These laws, rules and regulations are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business, brand and reputation and results of operations.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

***Our shares of common stock will not be registered under the Exchange Act and as a result we will have limited reporting obligations, and those reporting obligations may be suspended automatically if we have fewer than 300 stockholders of record on the first day of our fiscal year, which could make our common stock less attractive to investors.***

Our common stock is not registered under the Exchange Act, and we do not intend to register our common stock under the Exchange Act for the foreseeable future. As a result, although we are required to file annual, quarterly, and current reports pursuant to Section 15(d) of the Exchange Act, as long as our shares of common stock are not registered under the Exchange Act, we will not be subject to the federal proxy rules and our directors, executive officers and 10% beneficial holders will not be subject to Section 16 of the Exchange Act. In addition, our reporting obligations under Section 15(d) of the Exchange Act may be suspended automatically if we have fewer than 300 shareholders of record on the first day of our fiscal year. This suspension is automatic and does not require any filing with the SEC. In such an event, we may cease providing periodic reports and current or periodic information, including operational and financial information, may not be available with respect to our results of operations.

**Item 2. Properties.**

Our headquarters office is located in Sarver, Pennsylvania. This building, which we lease from the Company's Chairman/CEO, has approximately 3,200 square feet of office space and is used by our corporate and engineering/operations staff. Monthly rent under this lease is \$6,500 per month, and is on a month-to-month basis. We believe that our existing facilities are adequate to meet our business needs for the foreseeable future.

**Item 3. Legal Proceedings.**

The Company is not a party to any material pending legal proceedings. No such action is contemplated by the Company nor, to the best of its knowledge, has any action been threatened against the Company.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock is not listed on any national securities exchange or any national market system. Trading of our common stock is currently conducted on the OTCQB Venture Market under the symbol "GSPH".

The following sets forth high and low bid price quotations for each calendar quarter during the last two fiscal years that trading occurred or quotations were available. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

March 31, 2014	\$	0.91	\$	0.64
June 30, 2014	\$	0.88	\$	0.36
September 30, 2014	\$	0.68	\$	0.30
December 31, 2014	\$	0.61	\$	0.22
March 31, 2015	\$	0.35	\$	0.17
June 30, 2015	\$	0.28	\$	0.14
September 30, 2015	\$	0.38	\$	0.13
December 31, 2015	\$	0.20	\$	0.04

#### Number of Shareholders

As of April 4, 2016, there were approximately 225 holders of record of the Company's common stock.

#### Dividends

The Company has not paid any cash dividends on its common equity in the last two fiscal years, and does not plan to do so as any earnings generated from future operations will be used to finance our operations. The only restrictions that limit the ability to pay dividends on common equity are those restrictions imposed by law. Under Nevada corporate law, no dividends or other distributions may be made which would render the Company insolvent or reduce assets to less than the sum of its liabilities plus the amount needed to satisfy any outstanding liquidation preferences.

#### Securities Authorized for Issuance Under Equity Compensation Plans

Plan category	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	27,408,500	\$ 0.23	6,641,500
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>27,408,500</b>	<b>\$ 0.23</b>	<b>6,641,500</b>

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#### Sales of Unregistered Securities

On December 8, 2015, the Company sold 1,200,000 shares of its common stock to an investor at a price of \$0.10 per share, for \$120,000. 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 December 22, 2015, the Company sold 312,500 shares of its common stock to an investor at a price of \$0.08 per share, for \$25,000. 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 December 22, 2015, the Company converted a note payable of \$36,585 due to an investor to 457,309 shares of its common stock at a price of \$0.08 per share. 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 January 26, 2016, the Company issued to a lender a Secured Promissory Note in the principal amount of \$250,000, which is convertible into shares of common stock at the option of the holder, and warrants to purchase 25,000,000 shares of its common stock at an exercise price of \$0.015 per share. The issuance was made 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 recipient is an accredited investor, and the Company issued the Note and the warrants without any general solicitation or advertisement and with a restriction on resale.

On March 16, 2016, the Company sold 1,250,000 shares of its Series C Convertible Preferred Stock to an investor at a price of \$0.20 per share, for consideration of \$250,000. 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.

The recipients of the securities in each of these transaction 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 6. Selected Financial Data.

Not applicable.

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#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with our financial statements and the related notes thereto appearing elsewhere in this report.

Some of the information contained in this MD&A or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes Forward-Looking Statements that involve risks and uncertainties. See "SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS" above. In addition, the "Risk Factors" section of this report provides a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the Forward-Looking Statements contained in the following discussion and analysis.

### **Overview**

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.

### **Liquidity and Capital Resources**

At December 31, 2015, we had current assets of \$172,989, and current liabilities of \$4,758,626.

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 notes payable. At December 31, 2015, current liabilities exceeded current assets by \$4,115,908, and total liabilities exceeded total assets by \$3,982,030. Those factors raise doubts about our ability to continue as a going concern.

In 2014, we raised approximately \$2.4 million through private sales of our common stock, and approximately \$272,000 through the exercise of outstanding warrants to purchase Series B Stock and common stock. In 2015, we raised approximately \$476,000 through private sales of our common stock. In 2014, we issued common stock for services valued at \$82,500, and settled \$50,000 of liabilities for shares of our common stock. In 2015, we converted our outstanding Senior Secured Redeemable Note with a balance due of approximately \$1.6 million to shares of our common stock.

On January 16, 2015, we issued a Senior Secured Promissory Note to Horberg Enterprises LLC (the "Horberg Note") in the principal amount of \$500,000. The Horberg Note was due on April 8, 2015, and accrued no interest through the due date. The Horberg note was secured by liens on all of our assets. We also issued the lender warrants to purchase 1.5 million shares of our common stock in consideration for it purchasing the Horberg Note. Proceeds from the issuance of the Horberg Note were used for working capital purposes. We repaid the Horberg Note on April 3, 2015.

On April 2, 2015, we issued a Secured Promissory Note to David M. Truitt (the "Truitt Note") in the principal amount of \$1.0 million. The Truitt Note was due on October 2, 2015, and bears interest at 10% per annum. The Truitt Note is secured by liens on all our assets, and is convertible into shares of our common stock at the option of the holder. We also issued Mr. Truitt warrants to purchase 2.0 million shares of our common stock in consideration for him purchasing the Truitt Note. Proceeds from the issuance of the Truitt Note were used to repay the Horberg Note and for working capital purposes.

On January 27, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "Amended Truitt Note"), 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 Amended Truitt Note.

On March 16, 2016, we designated 10.0 million shares of preferred stock as Series C Convertible Preferred Stock ("Series C Stock"). Series C Stock is convertible to common stock at a conversion ratio of 20 shares of common stock for each share of Series C Stock, subject to adjustment for stock dividends, splits, and similar events. Series C Stock has a liquidation preference equal to its original issue price, and has voting rights equal to five times the number of shares of common stock into which the Series C Stock is convertible.

On March 16, 2016, we sold 1,250,000 shares of Series C Stock to Mr. Truitt for consideration of \$250,000.

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

Beginning in 2012, we changed the focus of our company to position us to generate revenue from data acquisition and data management. We expanded our service offerings to provide data acquisition services utilizing twelve different technologies. We developed new, cloud-based mapping software to be marketed under our existing name GeoUnderground 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 beginning in the 2016. We believe that our changes to our operating focus will enable us to begin to generate significant revenue from operations.

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.

### **Results of Operations for the Years Ended December 31, 2015 and 2014**

Sales were \$89,700 for the year ended December 31, 2015, compared to \$286,951 for the year ended December 31, 2014. Cost of sales was \$155,633 for the year ended December 31, 2015, compared to \$193,250 for the year ended December 31, 2014. Our sales fluctuated throughout 2015 and 2014 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.

SG&A expenses were \$2,431,156 for the year ended December 31, 2015, compared to \$3,080,446 for the year ended December 31, 2014. The decrease in SG&A costs for the year ended December 31, 2015 compared to the year ended December 31, 2014 was due to reductions in professional fees and sales and marketing expenses due to our financial condition.

Other income and expense for the year ended December 31, 2015 was a net income of \$1,700,811, which included interest expense of \$456,174, gains on extinguishment of debt of \$299,225, and income related to registration payment arrangements of \$1,857,760. Other income and expense for the year ended December 31, 2014 was a net income of \$222,938, which included interest expense of \$160,246, and gains on extinguishment of debt of \$383,184. The increase in interest expense in 2015 was due to higher loan balances and a charge of \$250,000 for amortization of discount on a Secured Promissory Note due to our recognition of beneficial

Gains and losses related to registration payment arrangements results 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 register the shares of common stock under the Securities Act 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 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 stock decreases. In 2015, we recorded gains related to registration payment arrangements of \$1,857,760, which resulted from decreases in the estimated value of our stock due to a decrease in stock price. We expect that gains or losses related to registration payment arrangements will fluctuate as the price of our stock and the estimate of the number of Penalty Shares to be granted fluctuate.

We had no net benefit from income taxes, as our deferred tax benefit was completely offset by a valuation allowance due to the uncertainty of realization of the benefit.

#### ***Off-Balance Sheet Arrangements***

The Company had no off-balance sheet arrangements as of December 31, 2015.

#### ***Application of Critical Accounting Policies***

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America, which requires 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 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 December 31, 2015, 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 December 31, 2015, we do not believe that material changes to contract cost estimates at completion for any of our open contracts are reasonably likely to occur.

#### **Item 7A. 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 8. Financial Statements and Supplemental Data.**

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To the Board of Directors and  
Stockholders of Geospatial Corporation

We have audited the accompanying consolidated balance sheets of Geospatial Corporation (a Nevada corporation) as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Geospatial Corporation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the financial statements, the Company has incurred net losses since inception, operations and capital requirements since inception have been funded by sales of stock, short and long term loans and advances from its chief executive officer and current liabilities exceed current assets by \$4,585,637. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Goff Backa Alfera and Company, LLC  
Pittsburgh, Pennsylvania  
April 13, 2016

**Geospatial Corporation and Subsidiaries  
Consolidated Balance Sheets**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 16,962	\$ 17,723
Accounts receivable	44,100	32,800
Prepaid expenses and other current assets	<u>111,927</u>	<u>180,689</u>
Total current assets	<u>172,989</u>	<u>231,212</u>
Property and equipment:		
Field equipment	339,079	339,079
Field vehicles	<u>43,285</u>	<u>43,285</u>
Total property and equipment	382,364	382,364
Less: accumulated depreciation	<u>(245,208)</u>	<u>(126,864)</u>
Net property and equipment	<u>137,156</u>	<u>255,500</u>
Total assets	<u>\$ 310,145</u>	<u>\$ 486,712</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 533,578	\$ 740,151
Accrued expenses	2,028,220	1,353,532
Due to related parties	157,286	137,910
Notes payable to related parties	—	29,047
Current portion of capital lease liability to related party	3,479	3,379
Senior convertible redeemable notes, net of deferred debt issue costs	—	1,525,025
Notes payable	1,488,748	232,892
Accrued registration payment arrangement	<u>547,315</u>	<u>2,525,075</u>
Total current liabilities	<u>4,758,626</u>	<u>6,547,011</u>
Non-current liabilities:		
Notes payable	—	39,741
Capital lease liability to related party	<u>3,278</u>	<u>6,757</u>
Total non-current liabilities	<u>3,278</u>	<u>46,498</u>
Total liabilities	<u>4,761,904</u>	<u>6,593,509</u>
Stockholders' deficit:		
Preferred stock:		
Undesignated, \$0.001 par value; 20,000,000 shares authorized at December 31, 2015 and 2014; no shares issued		

and outstanding at December 31, 2015 and 2014

Series B Convertible Preferred Stock, \$0.001 par value; 5,000,000 shares authorized at December 31, 2015 and 2014; no shares issued and outstanding at December 31, 2015; 530,049 shares issued and outstanding at December 31, 2014	—	530
Common stock, \$0.001 par value; 350,000,000 shares authorized at December 31, 2015 and 2014; 143,336,073 and 126,235,177 shares issued and outstanding at December 31, 2015 and 2014, respectively	143,336	126,235
Additional paid-in capital	36,031,156	33,596,411
Accumulated deficit	(40,626,251)	(39,829,973)
Total stockholders' deficit	(4,451,759)	(6,106,797)
Total liabilities and stockholders' deficit	<u>\$ 310,145</u>	<u>\$ 486,712</u>

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

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**Geospatial Corporation and Subsidiaries  
Consolidated Statements of Operations**

	For the Years Ended December 31,	
	2015	2014
Sales	\$ 89,700	\$ 286,951
Cost of sales	155,633	193,250
Gross profit (loss)	(65,933)	93,701
Selling, general and administrative expenses	2,431,156	3,080,446
Net loss from operations	(2,497,089)	(2,986,745)
Other income (expense):		
Interest expense	(456,174)	(160,246)
Gain on extinguishment of debt	299,225	383,184
Registration payment arrangements	1,857,760	—
Total other income (expense)	1,700,811	222,938
Net loss before income taxes	(796,278)	(2,763,807)
Provision for income taxes	—	—
Net loss	<u>\$ (796,278)</u>	<u>\$ (2,763,807)</u>
Basic and fully-diluted net loss per share of common stock	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>

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

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**Geospatial Corporation and Subsidiaries  
Consolidated Statements of Changes in Stockholders' Deficit  
For the Years Ended December 31, 2015 and 2014**

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2013	3,804,358	\$ 3,804	89,514,092	\$ 89,514	\$ 31,910,317	\$ (37,066,166)	\$ (5,062,531)
Sale of common stock, net of issuance costs	—	—	6,945,322	6,945	2,422,881	—	2,429,826
Exercise of warrants to purchase common stock, net of issuance costs	—	—	21,428	21	5,311	—	5,332
Exercise of warrants to purchase Series B Convertible Preferred Stock, net of issuance costs	106,745	107	—	—	266,464	—	266,571
Conversion of Series B Convertible Preferred Stock to common stock	(3,381,054)	(3,381)	33,810,540	33,811	(30,430)	—	—
Repurchase of shares of common stock for cancellation	—	—	(4,321,205)	(4,321)	(1,110,367)	—	(1,114,688)
Issuance of common stock for services	—	—	165,000	165	82,335	—	82,500
Issuance of common stock in settlement of liabilities	—	—	100,000	100	49,900	—	50,000
Net loss for the year ended December 31, 2014	—	—	—	—	—	(2,763,807)	(2,763,807)

Balance, December 31, 2014	530,049	530	126,235,177	126,235	33,596,411	(39,829,973)	(6,106,797)
Sale of common stock, net of issuance costs	—	—	3,992,500	3,993	471,710	—	475,703
Conversion of Series B Convertible Preferred Stock to common stock	(530,049)	(530)	5,300,500	5,300	(4,770)	—	—
Issuance of common stock in settlement of liabilities	—	—	6,607,896	6,608	1,599,005	—	1,605,613
Issuance of common stock for registration penalty	—	—	1,200,000	1,200	118,800	—	120,000
Issuance of convertible securities with beneficial conversion features	—	—	—	—	250,000	—	250,000
Net loss for the year ended December 31, 2015	—	—	—	—	—	(796,278)	(796,278)
Balance, December 31, 2015	—	\$ —	143,336,073	\$ 143,336	\$ 36,031,156	\$ (40,626,251)	\$ (4,451,759)

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

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**Geospatial Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**

	For the Years Ended December 31,	
	2015	2014
<b>Cash flows from operating activities:</b>		
Net loss	\$ (796,278)	\$ (2,763,807)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	118,344	101,447
Amortization of deferred debt issue costs	53,250	—
Amortization of discount on Secured Promissory Note	250,000	—
Gain on extinguishment of debt	(299,225)	(383,184)
Accrued registration payment arrangement	(1,857,760)	—
Issuance of common stock for services	—	82,500
Accrued interest payable	142,616	146,869
Changes in operating assets and liabilities:		
Accounts receivable	(11,300)	231,950
Prepaid expenses and other current assets	68,762	(61,263)
Accounts payable	263,988	205,676
Accrued expenses	489,884	350,653
Due to related parties	19,376	72,124
Other long-term liabilities	—	(19,887)
Net cash used in operating activities	(1,558,343)	(2,036,922)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	—	(197,188)
Net cash used in investing activities	—	(197,188)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of notes payable	1,780,000	29,000
Proceeds from issuance of notes payable to related parties	18,891	—
Principal payments on notes payable	(641,491)	(139,522)
Principal payments on notes from related parties	(18,892)	—
Principal payments on capital lease liabilities	(3,379)	(3,283)
Debt issuance costs paid	(53,250)	—
Proceeds from sale of common stock, net of offering costs	475,703	2,429,826
Proceeds from exercise of warrants to purchase common stock, net of offering costs	—	5,332
Proceeds from exercise of warrants to purchase Series B Convertible Preferred Stock, net of offering costs	—	266,571
Repurchase of shares of common stock for cancellation	—	(1,114,688)
Net cash provided by financing activities	1,557,582	1,473,236
Net change in cash and cash equivalents	(761)	(760,874)
Cash and cash equivalents at beginning of period	17,723	778,597
Cash and cash equivalents at end of period	\$ 16,962	\$ 17,723
<b>Supplemental disclosures:</b>		
Cash paid during period for interest	\$ 10,307	\$ 13,377
Cash paid during period for income taxes	—	—
Non-cash transactions:		
Issuance of common stock for services	—	82,500
Issuance of common stock in settlement of liabilities	1,605,614	50,000
Issuance of common stock for registration penalty	120,000	—

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

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies**

This summary of significant accounting policies of Geospatial Corporation, a Nevada corporation, formerly known as Geospatial Holdings, Inc., and subsidiaries (the “Company”) is presented to assist in the understanding of the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

**Nature of Operations**

The Company utilizes innovative technologies to acquire and manage data related to underground assets. The Company’s services include pipeline data acquisition and professional data management. The Company is located in Sarver, Pennsylvania, and provides services throughout the United States.

**Consolidation**

The Company’s financial statements include its wholly-owned subsidiaries Geospatial Mapping Systems, Inc., and Utility Services and Consulting Corporation, which ceased operations in 2011. All material intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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. Accordingly, actual results could differ from those estimates.

Estimates and assumptions which, in the opinion of management, 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:

- Estimated useful lives of property and equipment;
- Estimated costs to complete fixed-price contracts;
- Realization of deferred income tax assets;
- Estimated number and value of shares to be issued pursuant to registration payment arrangements;

These estimates are discussed further throughout these Notes to Financial Statements.

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Going Concern**

Since its inception, the Company has incurred net losses. In addition, the Company’s operations and capital requirements have been funded since its inception by sales of its common and preferred stock and advances from its chief executive officer. At December 31, 2015, the Company’s current liabilities exceeded its current assets by \$4,885,637, and total liabilities exceeded total assets by \$4,451,759. Those factors create an uncertainty about the Company’s ability to continue as a going concern. The Company’s management has implemented plans to secure financing sufficient for the Company’s operating and capital requirements, and to negotiate settlements or extensions of existing liabilities. There can be no assurance that such efforts will be successful. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Accounting Method**

The Company’s financial statements are prepared on the accrual method of accounting.

**Cash and Cash Equivalents**

The Company considers all highly liquid debt investments with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Accounts receivable are presented in the balance sheet net of estimated uncollectible amounts. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. The Company had no allowance for doubtful accounts at December 31, 2015 and 2014.

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes, and accelerated methods for tax purposes, based on estimated useful lives ranging from three to ten years. Depreciation expense was \$118,344 and

Expenditures for major renewals and betterments that materially extend the useful lives of assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

The Company leases equipment under leases with terms of three years. Each lease is analyzed using the criteria in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840, *Leases*, to determine whether the lease is a capital or operating lease. Capital leases are recorded at the inception of the lease as property and equipment, and a capital lease liability of the same amount, at the lesser of the fair value of the leased asset or the present value of the minimum lease payments. Assets recorded under capital lease agreements are depreciated over their estimated useful lives. Depreciation of assets recorded under capital leases is included with depreciation expense related to owned assets. At December 31, 2015, assets under capital leases and the related accumulated depreciation amounted to \$16,870 and \$10,544, respectively. At December 31, 2014, assets under capital leases and the related accumulated depreciation amounted to \$16,870 and \$7,170, respectively.

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Company records revenue when all of the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The price to the buyer is fixed or determinable; and
- Collectability is reasonably assured.

Substantially all of the Company's services are rendered under the following types of contracts:

*Fixed-price contracts* are contracts in which the Company's clients are billed at defined milestones for an agreed amount negotiated in advance for a specified scope of work. Revenues for fixed-price contracts are recognized under the percentage-of-completion method of accounting, whereby revenues are recognized ratably as those contracts are performed. 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.

*Units of delivery contracts* are contracts in which the Company's clients are billed an agreed amount for each unit of service, as defined in the contract, that is delivered to the client. Revenues for units of delivery contracts are recognized as each unit of service is completed.

*Time-and-materials contracts* are contracts in which the Company and the client negotiate billing rates, typically hourly, and bill based on the actual time expended, plus other direct costs incurred in connection with the contract. Revenues for time-and-materials contracts are recognized as the services are rendered.

Advance customer payments are recorded as deferred revenue until such time as the related services are rendered or performed.

Revenues are recorded net of sales taxes collected.

**Deferred Debt Issuance Costs**

Debt issuance costs are capitalized and amortized over the term of the related debt. The deferred debt issuance costs were fully amortized at December 31, 2015 and 2014.

**Convertible Securities with Beneficial Conversion Features**

During 2015, the Company issued a Secured Promissory Note of \$1,000,000. The Secured Promissory Note is convertible at the lender's option to the Company's common stock at a price per share of 75% of the average bid price of the Company's common stock for the ten trading days preceding the conversion. The Company recorded the Secured Promissory Note in accordance with FASB ASC 470-20, *Debt with Conversion and Other Options*. The Company determined that the discount to market price on the conversion feature was a beneficial conversion feature, and that the intrinsic value of the feature was \$250,000. This amount was recognized as additional paid-in capital, and as a discount on the Secured Promissory Note that was completely amortized in 2015.

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryovers.

The Company currently has a deferred tax asset resulting from differences in accounting methods for financial reporting and income tax reporting purposes. This deferred tax asset is completely offset by a valuation allowance due to the uncertainty of realization.

The Company is subject to taxation in various jurisdictions. The Company continues to remain subject to examination by U.S. federal authorities and various state authorities for the years 2009 through 2015. Due to financial constraints, the Company has not filed its federal and state tax returns for 2009 through 2015.

**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 FASB ASC 470-60, *Troubled Debt Restructurings by Debtors*, and FASB ASC 405-20, *Extinguishment of Liabilities* and recognizes gains 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 has aged or is expected to age beyond the statute of limitations. The Company is amortizing those liabilities over the remaining term of the statute of limitations. Such amortization amounted to \$292,724 and \$296,380 during the years ended December 31, 2015 and 2014, respectively.

#### Stock-Based Payments

The Company accounts for its stock-based compensation in accordance with FASB ASC 718, *Stock Compensation*. The Company records compensation expense for employee stock options at the fair value of the stock options at the grant date, amortized over the vesting period. The Company records expense for stock options, warrants, and similar grants issued to non-employees at their fair value at the grant date, or the fair value of the consideration received, whichever is more readily available.

**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### 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 records such obligations in accordance with FASB ASC 825-20, *Registration Payment Arrangements*. 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 \$547,315 and \$2,525,075 at December 31, 2015 and 2014, respectively. 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” which amounted to a gain of \$1,857,760 during the year ended December 31, 2015. There was no such gain or loss during the year ended December 31, 2014.

##### Segment Reporting

The Company operates as one segment. Accordingly, no segment reporting is presented.

##### Recent Accounting Pronouncements

The Company has reviewed accounting pronouncements and interpretations thereof that have effective dates during the periods reported and in future periods. The Company believes that the following impending standards may have an impact on its future filings. The applicability of any standard will be evaluated by the Company and is still subject to review by the Company.

**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

#### Note 1 – Summary of Significant Accounting Policies (continued)

##### Recent Accounting Pronouncements (continued)

In July, 2013, the FASB issued Accounting Standards Update (“ASU”) 2013-11, *Liabilities (Topic 405): Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. ASU 2013-11 provides guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. The Company adopted ASU 2013-11 effective January 1, 2014. The Company’s adoption of ASU 2013-11 did not have a material impact on the Company’s consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a new revenue recognition standard that supersedes the existing standard and eliminates all industry-specific standards. The largely principles-based standard provides a comprehensive framework that can be applied to all contracts with customers, regardless of industry-specific or transaction-specific fact patterns. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities should apply the five-step model outlined in the standard to achieve that core principal. The standard will be effective for the Company on January 1, 2017, and may be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company does not expect that the adoption of ASU 2014-09 will have a material impact on the Company’s consolidated financial statements.

**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

#### Note 1 – Summary of Significant Accounting Policies (continued)

In June 2014, FASB issued ASU 2014-12, *Compensation – Stock Compensation (Topic 718)*, an update regarding accounting for share-based payments for which the terms of an award provide that a performance target could be achieved after the requisite service period. That is the case when an employee is eligible to retire or otherwise terminate employment before the end of the period in which a performance target could be achieved and still be eligible to vest in the award if and when the performance target is achieved. The updated standard clarifies that such awards should be treated as a performance condition that affects vesting. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. The standard will be effective for the Company on January 1, 2016, and may be applied either prospectively or retrospectively. The Company does not expect that the implementation of ASU 2014-12 will have a material impact on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40)*, which provides authoritative guidance regarding management's evaluation of conditions or events that raise substantial doubts about an entity's ability to continue as a going concern, management's plans to mitigate the effect of the conditions or events that raise such doubts, and disclosure requirements for entities in which there exists a substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 will be effective for the Company on January 1, 2017. Early application is permitted. The Company is currently assessing the financial statement impact of adopting this new standard.

In January 2015, the FASB issued ASU 2015-01, *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*, which eliminates the concept of an extraordinary item from GAAP. As a result, an entity is no longer required to separately classify, present, or disclose extraordinary events and transactions; however, the presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained. ASU 2015-01 will be effective for the Company beginning in fiscal 2017 and interim reporting periods within that year. The Company does not expect that the implementation of ASU 2015-01 will have a material effect on the Company's financial position or results of operations.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented as a direct deduction from the associated debt liability on the balance sheet. ASU 2015-03 will be effective for the Company in fiscal 2017 and interim reporting periods within that year, using the retrospective method. The Company does not expect that the implementation of ASU 2015-03 will have a material effect on the Company's consolidated financial statements.

**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 – Capital Stock**

The Company has authorized 350,000,000 shares of common stock with a par value of \$0.001 per share. Each outstanding share of common stock entitles the holder to one vote on all matters. Stockholders do not have preemptive rights to purchase shares in any future issuance of common stock. Upon the Company's liquidation, common stockholders are entitled to a pro-rata share of assets, if any, after payment of creditors and preferred stockholders.

The Company has authorized 25,000,000 shares of preferred stock with a par value of \$0.001 per share. All powers and rights of the shares of preferred stock are determined by the Company's Board of Directors at issuance.

On August 20, 2013, the Company filed a Certificate of Designation to designate 5,000,000 shares of Series B Convertible Preferred Stock ("Series B Stock") for issuance by the Company. Each share of Series B Stock is convertible to ten shares of common stock at the option of the holder, or automatically upon the occurrence of certain events. The holders of Series B Stock have the same voting rights and dividend participation rights as common stockholders in proportion to the number of shares of common stock the holders of Series B Stock would hold if those shares were converted to common stock. The holders of Series B stock are entitled to a liquidation preference of 150% of the original issue price, after payment of which they participate in liquidation with the holders of common stock.

The Company entered into a series of Subscription and Purchase Agreements with certain investors dated October 9, 2009 (the "October 2009 Subscription Agreement") in connection with the sale of 2,000,000 shares of the Company's common stock (the "October 2009 shares"). Pursuant to the October 2009 Subscription Agreement, the Company agreed to register the October 2009 shares under the Securities Act by March 1, 2010. The Company failed to register the October 2009 shares by March 1, 2010, and consequently each investor that invested pursuant to the October 2009 Subscription Agreement is entitled to receive an additional allocation of 2% of its portion of the October 2009 Shares for each 30-day period that elapses after March 1, 2010, subject to certain restrictions.

The Company entered into a series of Subscription and Purchase Agreements with certain investors dated December 14, 2009 (the "December 2009 Subscription Agreement") in connection with the sale of 1,500,000 shares of the Company's Series A Stock (the "December 2009 shares"). Each share of Series A Stock subsequently converted to 1.25 shares of the Company's common stock. Pursuant to the December 2009 Subscription Agreement, the Company agreed to register the December 2009 shares under the Securities Act by March 1, 2010. The Company failed to register the December 2009 shares by March 1, 2010, and consequently each investor that invested pursuant to the December 2009 Subscription Agreement is entitled to receive an additional allocation of 2% of its portion of the December 2009 Shares for each 30-day period that elapses after March 1, 2010, subject to certain restrictions.

**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 2 – Capital Stock (continued)**

The Company entered into a series of Subscription and Purchase Agreements with certain investors dated March 19, 2010 (the "March 2010 Subscription Agreement") in connection with the sale of 8,589,771 shares of the Company's common stock (the "March 2010 shares"). Pursuant to the March 2010 Subscription Agreement, the Company agreed to register the March 2010 shares under the Securities Act by September 1, 2010. The Company failed to register the March 2010 shares by September 1, 2010, and consequently each investor that invested pursuant to the March 2010 Subscription Agreement is entitled to receive an additional allocation of 2% of its portion of the March 2010 Shares for each 30-day period that elapses after September 1, 2010, subject to certain restrictions.

The Company entered into a series of Subscription and Purchase Agreements with certain investors dated April 6, 2010 (the "April 2010 Subscription Agreement") in connection with the sale of 112,000 shares of the Company's common stock (the "April 2010 shares"). Pursuant to the April 2010 Subscription Agreement, the Company agreed to register the April 2010 shares under the Securities Act by September 1, 2010. The Company failed to register the April 2010 shares by September 1, 2010, and consequently each investor that invested pursuant to the April 2010 Subscription Agreement is entitled to receive an additional allocation of 2% of its portion of the April 2010 Shares for each 30-day period that elapses after September 1, 2010, subject to certain restrictions.

The Company has recorded a liability for its obligation to issue shares for failure to register shares pursuant to the October 2009 Subscription Agreement, the December 2009 Subscription Agreement, the March 2010 Subscription Agreement, and the April 2010 Subscription Agreement (collectively, the "Subscription Agreements"). There is no limitation to the maximum potential consideration to be paid for failure to register shares pursuant to the Subscription Agreements. The Company registered the shares as required by the Subscription Agreements during 2015. The liability for accrued registration payment arrangements was \$547,315 and \$2,525,075 at December 31, 2015 and 2014, respectively.

On June 22, 2014, the Company and its officers entered into a Settlement Agreement (the "Brooks Settlement Agreement") with a group of investors (the "Brooks Investors"), to settle a lawsuit filed by the Brooks Investors against the Company and its officers in the Court of Common Pleas of Butler County, Pennsylvania. Pursuant to the Brooks Settlement Agreement, the Company acquired all shares of the Company's common stock owned by the Brooks Investors, and the Brooks Investors agreed to forego their rights to receive additional shares for the Company's failure to register shares pursuant to the October 2009 Subscription Agreement, the December 2009 Subscription Agreement, and the March 2010 Subscription Agreement. The Company acquired 4,321,205 shares of common stock from the Brooks Investors in consideration for \$1,114,688, and agreed to cancel the shares.

**Geospatial Corporation and Subsidiaries**  
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**Note 3 – Accrued Expenses**

Accrued expenses consisted of the following:

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Payroll and taxes	\$ 1,832,937	\$ 1,134,918
Accounting	50,737	67,280
Insurance	34,014	33,902
Contractors and subcontractors	20,227	60,848
Interest	7,800	642
Other	82,505	55,942
Accrued expenses	<u>\$ 2,028,220</u>	<u>\$ 1,353,532</u>

**Note 4 – 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. The Company incurred \$78,000 of lease expense in each of the years ended December 31, 2015 and 2014. The lease is cancellable by either party upon 30 days' notice.

During 2014, Mr. Smith advanced the Company \$29,000. Interest on the note at 8% amounted to \$123 and \$47 for the years ended December 31, 2015 and 2014, respectively. The balance of the note was \$29,047 at December 31, 2014. The note was repaid during 2015.

**Geospatial Corporation and Subsidiaries**  
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**Note 4 – Related-Party Transactions (continued)**

On November 9, 2012, the Company and Mr. Smith entered into a Lease Agreement, pursuant to which the Company leases a field vehicle from Mr. Smith. The lease is for 60 months, and is for substantially the same terms for which Mr. Smith leases the vehicle from the manufacturer. Interest on the lease amounted to \$249 and \$346 for the years ended December 31, 2015 and 2014, respectively. The lease is recorded as a capital lease. At December 31, 2015, gross assets recorded under the lease and associated accumulated depreciation were \$16,870 and \$10,544, respectively. Future minimum payments under the capital lease are as follows as of December 31, 2015:

Year ending December 31, 2016	\$ 3,628
Year ending December 31, 2017	3,326
Thereafter	—
Total minimum payments	6,954
Less: minimum interest payments	(198)
Minimum principal payments	<u>\$ 6,756</u>

During 2015, Thomas R. Oxenreiter, the Company's chief financial officer, advanced the Company \$18,891. Interest on the note at 10% amounted to \$448 for the year ended December 31, 2015. In addition, Mr. Oxenreiter received warrants to purchase 18,891 shares of the Company's common stock in connection with the note. The note was repaid during 2015.

**Note 5 – Senior Convertible Redeemable Notes**

On October 15, 2010, the Company entered into a series of Senior Notes with certain investors. The initial principal amount of the Senior Notes totaled \$1,155,000. Interest accrues on the Senior Notes at 10% per annum, payable quarterly by increasing the principal amounts of the Senior Notes. Upon certain instances of default, the interest rate may increase to 12% per annum. The principal and unpaid interest on the Senior Notes was due after 15 months, and was extendable for three additional six-month periods. The principal and unpaid interest on the Senior Notes is convertible at the option of the holders of the Senior Notes into the Company's common stock at \$0.50 per share.

On June 22, 2014, a Senior Note was extinguished pursuant to a settlement agreement, resulting in a gain on extinguishment of debt of \$77,803.

On February 26, 2015, a Senior Note was converted into 6,150,587 shares of the Company's common stock.

The balance due on the Senior Notes amounted to \$1,525,025 December 31, 2014. No Senior Notes were outstanding at December 31, 2015.

**Geospatial Corporation and Subsidiaries**  
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**Note 6 – Notes Payable**

Current notes payable consisted of the following:

	December 31, 2015	December 31, 2014
Secured Promissory Note, payable to an individual, bearing interest at 10% per annum, due July 26, 2016, secured by substantially all assets of the Company. The note is convertible to common stock at 75% of the weighted average trading price, and is secured by substantially all the assets of the Company	\$ 1,075,833	\$ —
Unsecured Promissory Note, payable to an individual, bearing interest at 10% per annum	67,817	—
Unsecured Convertible Promissory Notes, payable to individuals, bearing interest at 10% per annum, convertible to common stock at prices ranging from \$0.20 to \$0.25 per share	190,453	—
Current portion of long-term notes payable	154,645	232,892
Current notes payable	<u>\$ 1,488,748</u>	<u>\$ 232,892</u>

Long-term notes payable consisted of the following:

	December 31, 2015	December 31, 2014
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%	\$ 154,645	\$ 218,892
Notes payable under settlement agreements with vendors, payable monthly with terms of up to 60 months, with interest rates ranging from 0% to 32%	—	53,741
Total long-term notes payable	154,645	272,633
Less: current portion	(154,645)	(232,892)
Long-term notes payable, less current portion	<u>\$ —</u>	<u>\$ 39,741</u>

**Geospatial Corporation and Subsidiaries**  
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**Note 7 – Commitments and Contingencies**

**Bank Deposits**

The Company maintains its cash in bank deposit accounts at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The bank accounts at times exceed FDIC limits. The Company has not experienced any losses on such accounts.

**Legal Matters**

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The Company believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or the results of operations of the Company.

**Note 8 – Income Taxes**

The Company's provision for (benefit from) income taxes is summarized below for the years ended December 31:

	2015	2014
Current:		
Federal	\$ —	\$ —
State	—	—
Deferred:		
Federal	(755,350)	(867,368)
State	(239,794)	(275,355)
	(995,144)	(1,142,723)
Total income taxes	(995,144)	(1,142,723)
Less: valuation allowance	995,144	1,142,723
Net income taxes	<u>\$ —</u>	<u>\$ —</u>

**Note 8 – Income Taxes (continued)**

The reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows for the years ended December 31:

	2015	2014
Federal statutory rate	35.0%	35.0%
State income taxes (net of federal benefit)	6.5	6.5
Valuation allowance	(41.5)	(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.

	December 31, 2015	December 31, 2014
Start-up costs	\$ 37,491	\$ 47,325
Depreciation	(37,759)	(37,684)
Accrued expenses	687,212	378,020
Net operating loss carryforward	15,669,422	14,973,562
Deferred income taxes	16,356,366	15,361,223
Less: valuation allowance	(16,356,366)	(15,361,223)
Net deferred income taxes	\$ —	\$ —

At December 31, 2015, the Company had federal and state net operating loss carryforwards of approximately \$36,391,000. 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 9 – Net Loss Per Share of Common Stock**

Basic net loss per share 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 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 for the years ended December 31:

	2015	2014
Net loss	\$ (796,278)	\$ (2,763,807)
Weighted average number of shares of common stock outstanding	137,222,159	110,507,506
Dilutive potential shares of common stock	137,222,159	110,507,506
Net loss per share of common stock:		
Basic	\$ (0.01)	\$ (0.03)
Diluted	\$ (0.01)	\$ (0.03)

The following securities were not included in the computation of diluted net loss per share, as their effect would have been anti-dilutive for the years ended December 31:

	2015	2014
Series B Convertible Preferred Stock	—	21,672,035
Options and warrants to purchase common stock	3,494,749	9,880,828
Warrants to purchase Series B Convertible Preferred Stock	—	2,220,976
Secured Convertible Promissory Note	44,041,770	—
Unsecured Convertible Promissory Notes	25,050	—
Senior Convertible Redeemable Notes	—	4,377,612
Total	47,561,569	38,151,451

**Note 10 – Stock-Based Payments**

In 2007, the Company adopted the 2007 Stock Option Plan (the “2007 Plan”), pursuant to which the Compensation Committee of the Board of Directors (the “Committee”) may award grants of options to purchase up to 15,000,000 shares of the Company’s common stock to eligible employees, directors, and consultants, subject to exercise prices and vesting requirements determined by the Committee. On September 23, 2013, the Company reduced the number of shares of the Company’s common stock that may be subject to awards under the 2007 Plan to 9,050,000. The Board of Directors has reserved 9,050,000 shares of the Company’s common stock for issuance under the 2007 Plan. The Company did not grant any options to purchase shares of the Company’s common stock pursuant to the 2007 Plan during the years ended December 31, 2015 and 2014.

On September 23, 2013, the Company adopted the 2013 Equity Incentive Plan (the “2013 Plan”), pursuant to which up to 25,000,000 shares of the Company’s common stock shall be available for grants of awards, including incentive stock options, non-qualified stock options, stock appreciation rights, restricted awards, performance share awards, or performance compensation awards to eligible employees, consultants, and directors, provided that no more than 15,000,000 shares of common stock may be granted as incentive stock options. The Board of Directors has reserved 25,000,000 shares of the Company’s common stock for issuance under the 2013 Plan. The Company granted stock appreciation rights on 2,362,500 and 96,000 shares of the Company’s common stock to eligible employees and consultants pursuant to the 2013 Plan during the years ended December 31, 2015 and 2014, respectively.

Using the Black-Scholes option pricing model, management has determined that the stock appreciation rights granted in 2015 and 2014 had no value. Accordingly, no compensation cost or other expense was recorded for the stock appreciation rights. The current value of a share of the Company’s common stock used in the Black-Scholes option pricing model was determined by an independent valuation. The value per share as determined by the valuation was \$0.0074 and \$0.0096 per share as of December 31, 2015 and 2014, respectively.

The assumptions used and the weighted average calculated value of the stock options are as follows at December 31:

	2015	2014
Risk-free interest rate	1.73%	1.64%
Expected dividend yield	None	None
Expected life of options	5 years	5 years
Expected volatility rate	50%	50%
Weighted average fair value of options granted	\$ 0.00	\$ 0.00

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 10 – Stock-Based Payments (continued)**

The following is an analysis of the options to purchase the Company’s common stock:

	Total Options	Weighted Average Exercise Price	Aggregate Fair Value	Weighted Average Remaining Contractual Term (In Years)
Total options outstanding at January 1, 2014	24,950,000	\$ 0.23		
Granted	96,000	0.46		
Exercised	—	—		
Lapsed and forfeited	—	—		
Total options outstanding at December 31, 2014	<u>25,046,000</u>	\$ 0.23	\$ —	6.7
Options vested and expected to vest at December 31, 2014	<u>18,516,666</u>	\$ 0.29	\$ —	6.0
Options exercisable at December 31, 2014	<u>18,516,666</u>	\$ 0.29	\$ —	6.0
Total options outstanding at January 1, 2015	25,046,000	\$ 0.23		
Granted	2,362,500	0.18		
Exercised	—	—		
Lapsed and forfeited	—	—		
Total options outstanding at December 31, 2015	<u>27,408,500</u>	\$ 0.23	\$ —	6.0
Options vested and expected to vest at December 31, 2015	<u>24,484,602</u>	\$ 0.24	\$ —	5.7
Options exercisable at December 31, 2015	<u>24,484,602</u>	\$ 0.24	\$ —	5.7

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**Geospatial Corporation and Subsidiaries**  
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**Note 10 – Stock-Based Payments (continued)**

The following is an analysis of nonvested options:

	Nonvested Options	Weighted Average Fair Value
Nonvested options at January 1, 2014	11,733,334	\$ —
Granted	96,000	—
Vested	(5,300,000)	—
Forfeited	—	—
Nonvested options at December 31, 2014	<u>6,529,334</u>	—

Granted	2,362,500	—
Vested	(4,867,936)	—
Forfeited	—	—
Nonvested options at December 31, 2015	4,023,898	\$ —

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**Geospatial Corporation and Subsidiaries**  
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**Note 10 – Stock-Based Payments (continued)**

During 2015, the Company granted warrants to purchase 5,458,641 shares of common stock to investors and contractors, at prices ranging from \$0.08 to \$0.25 per share. The warrants were granted for periods ranging from five to ten years.

Using the Black-Scholes option pricing model, management has determined that the warrants to purchase the Company's common stock granted to non-employees in 2015 have no value. Accordingly, no expense was recorded upon the grants of the warrants to purchase the Company's common stock. The current value of a share of the Company's common stock used in the Black-Scholes option pricing model was determined by an independent appraisal.

The assumptions used and the weighted average calculated value of the stock purchase rights are as follows for the year ended December 31, 2015:

Risk-free interest rate	1.73%
Expected dividend yield	None
Expected life of warrants	5 years
Expected volatility rate	50%
Weighted average fair value of warrants granted	\$ 0.00

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 10 – Stock-Based Payments (continued)**

The following is an analysis of the warrants to purchase the Company's common stock.

	Total Options	Weighted Average Exercise Price	Aggregate Fair Value	Weighted Average Remaining Contractual Term (In Years)
Total warrants outstanding at January 1, 2014	10,719,362	\$ 0.43		
Granted	—	—		
Exercised	(21,428)	0.25		
Lapsed and forfeited	(70,927)	1.50		
Total warrants outstanding at December 31, 2014	<u>10,627,007</u>	\$ 0.42	\$ —	2.5
Warrants vested and expected to vest at December 31, 2014	<u>10,627,007</u>	\$ 0.42	\$ —	2.5
Warrants exercisable at December 31, 2014	<u>10,627,007</u>	\$ 0.42	\$ —	2.5
Total warrants outstanding at January 1, 2015	10,627,007	\$ 0.42		
Granted	5,458,641	0.13		
Exercised	—	—		
Lapsed and forfeited	(3,225,000)	0.48		
Total warrants outstanding at December 31, 2015	<u>12,860,648</u>	\$ 0.29	\$ —	4.7
Warrants vested and expected to vest at December 31, 2015	<u>12,860,648</u>	\$ 0.29	\$ —	4.7
Warrants exercisable at December 31, 2015	<u>12,860,648</u>	\$ 0.29	\$ —	4.7

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 10 – Stock-Based Payments (continued)**

On August 20, 2013, the Company granted warrants to purchase 451,738 shares of its Series B Stock at \$2.50 per share to certain investors in connection with the sale of Series B Stock. The warrants were vested upon issuance, and expire on August 20, 2018.

The following is an analysis of the warrants to purchase the Company's Series B Stock.

Weighted	Weighted	Weighted
Average	Average	Average
Remaining	Remaining	Remaining

	Total Options	Average Exercise Price	Aggregate Fair Value	Contractual Term (In Years)
Total warrants outstanding at January 1, 2014	451,738	\$ 2.50		
Granted	—	—		
Exercised	(106,745)	2.50		
Lapsed and forfeited	—	—		
Total warrants outstanding at December 31, 2014	<u>344,992</u>	\$ 2.50	\$ —	3.6
Warrants vested and expected to vest at December 31, 2014	<u>344,992</u>	\$ 2.50	\$ —	3.6
Warrants exercisable at December 31, 2014	<u>344,992</u>	\$ 2.50	\$ —	3.6
Total warrants outstanding at January 1, 2015	344,992	\$ 2.50		
Granted	—	—		
Exercised	—	—		
Lapsed and forfeited	—	—		
Total warrants outstanding at December 31, 2015	<u>344,992</u>	\$ 2.50	\$ —	2.6
Warrants vested and expected to vest at December 31, 2015	<u>344,992</u>	\$ 2.50	\$ —	2.6
Warrants exercisable at December 31, 2015	<u>344,992</u>	\$ 2.50	\$ —	2.6

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 10 – Stock-Based Payments (continued)**

On August 14, 2014, the Company issued 165,000 shares of the Company's common stock as payment for services. The Company recorded expense of \$82,500, the fair value of the services received.

**Note 11 – Subsequent Events**

**Secured Promissory Note Agreement and Amendment**

On January 27, 2016, the Company entered into an Agreement and Amendment (the "Amendment") with David Truitt, the holder of a Secured Promissory Note issued by the Company dated April 2, 2015 (the "Existing Note") in the principal amount of \$1 million. Pursuant to the Amendment, Mr. Truitt extended an additional \$250,000 loan to be added to the Existing Note under the same terms as the Existing Note, and extended the due date of the Existing Note to July 26, 2016. The Company granted Mr. Truitt a warrant to purchase 25,000,000 shares of the Company's common stock at a price of \$0.015 per share.

**Series C Preferred Stock**

On March 16, 2016, the Company filed a Certificate of the Designations, Powers, Preferences and Rights of Series C Convertible Preferred Stock (the "Certificate of Designations") with the Nevada Secretary of State, designating 10,000,000 shares of the Company's undesignated preferred stock, par value \$0.001 per share, as Series C Preferred Stock (the "Series C Preferred Stock").

The Series C Preferred Stock shall be convertible at the option of the holder, at any time after an amendment to the Company's Articles of Incorporation is filed and effective increasing the Company's authorized shares of Common Stock to at least 680,000,000 shares (the "Filing Date"), into shares of common stock, par value \$0.001 per share, of the Company ("Common Stock") at a conversion ratio of one (1) share of Series C Preferred into twenty (20) shares of Common Stock, subject to adjustments for stock dividends, splits, combinations and similar events as described in the Certificate of Designations (the "Conversion Ratio").

After the Filing Date, each share of Series C Convertible Preferred Stock will automatically be converted into shares of Common Stock at the Conversion Ratio, upon the earlier of (i) the closing of a public or private offer and sale of Common Stock for the account of the Company in which the aggregate offering price (before deduction of underwriters' discounts and commissions, if any) equals or exceeds \$5,000,000 and the offering price per share of which equals or exceeds five (5x) times the Original Issue Price of the Series C Preferred Stock per share (before deduction of underwriters' discounts and commissions, if any (such price per share of Common Stock subject to certain adjustments described in the Certificate of Designations); or (ii) the written consent of the holders of not less than a majority of the then outstanding shares of Series C Preferred Stock to the conversion of all then outstanding Series C Preferred Stock.

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**Geospatial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 11 – Subsequent Events (continued)**

The holders of the Series C Preferred Stock will be entitled, upon liquidation, winding up or dissolution, of the Company, to be paid out of the funds and assets of the Company that may be legally distributed to the Company's shareholders prior and in preference to any payment or distribution to the holders of Common Stock or any shares of any other class or series of preferred stock subsequently created with a liquidation preference senior to the Common Stock, an amount equal to the Original Issue Price of the Series C Preferred Stock per share (as adjusted for stock splits, stock dividends and the like), plus all declared but unpaid dividends.

The Series C Preferred Stock is not entitled to receive any special dividend, but will participate *pari passu* with the Common Stock and each other class or series of preferred stock of the Company in any dividends declared, on an as converted to Common Stock basis.

Except as described in the Certificate of Designations, holders of the Series C Preferred Stock will vote together with holders of the Company Common Stock on all matters and not as a separate class or series (subject to limited exceptions). Each holder of shares of Series C Preferred Stock shall be entitled to the number of votes equal to five times (5x) the number of those shares of Common Stock into which such shares of Series C Preferred Stock are convertible.

On March 16, 2016, the Company sold 1,250,000 shares of Series C Preferred Stock to Mr. Truitt for consideration of \$250,000.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

There are not and have not been any disagreements between the Company and its accountants on any matter of accounting principles or practices or financial statement disclosure.

**Item 9A. Controls and Procedures.*****Evaluation of Controls and Procedures***

As of December 31, 2015, based on an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act), our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the applicable time periods specified by the Commission's rules and forms. This includes controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework*.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our internal control over financial reporting was effective at December 31, 2015.

We did not become aware of any material weaknesses in our internal control over financial reporting. However, during our evaluation, we became aware of significant deficiencies in our internal control. These matters were: 1) filing system and retention of records; 2) lack of segregation of duties for accounting transactions; 3) non-timely filing of corporate income taxes.

Management believes that these matters are due to the small size of the Company's administrative and accounting staff. Management is taking action in 2016 to improve these matters by 1) increasing the size of the Company's accounting staff; 2) increasing the size of the Company's administrative staff.

***Changes to Internal Controls over Financial Reporting***

There was no significant change in the Company's internal controls over financial reporting that occurred during the most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Item 9B. Other Information.**

None.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance.****Directors and Executive Officers**

Our directors and executive officers, their ages and positions are set forth below. All of our directors will hold office until the next annual meeting of stockholders and the election and qualification of their successors unless they resign or are terminated earlier.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Mark A. Smith	61	Chairman of the Board of Directors and Chief Executive Officer
Troy G. Taggart	50	President
Thomas R. Oxenreiter	50	Chief Financial Officer, Secretary, and Director

*Mark A. Smith* has served as our Chairman of the Board and Chief Executive Officer since 2008. Prior to that, Mr. Smith was a founder of, and served as President and Chief Executive Officer from 1998 to 2005 and Chairman through 2006 of Underground Solutions, Inc. ("Underground Solutions") (OTC BB: "UGSI"), an infrastructure technology company that developed pipeline technologies. Prior to serving with Underground Solutions, Mr. Smith was involved as a principal or investor in several construction, real estate and technology companies. Mr. Smith's expertise in the Company's industry led us to conclude that he would be a valuable member of the Board of Directors. As our founder, he brings historical knowledge and strategic insight to the Board.

*Troy G. Taggart* joined the Company as an employee in 2012 and has served as our President since 2013. Mr. Taggart held executive and senior-level positions with several financial services firms prior to co-founding McKim and Company (Formerly VentureRound), a boutique investment banking firm, in 2001. Mr. Taggart served as Executive Vice President of Bacterin International (AMEX/NYSE: "BONE") from 2008 through 2012.

*Thomas R. Oxenreiter, CPA* has served as our Chief Financial Officer, Secretary, and Director since 2008. Mr. Oxenreiter worked for several years in public accounting and private industry. Mr. Oxenreiter is a graduate of Villanova University. Mr. Oxenreiter's financial expertise led us to conclude that he would be a valuable member of our Board of Directors. As our current Chief Financial Officer, he is well suited to inform the Board of the current operations of the Company. As a Certified Public Accountant, he brings significant financial expertise.

**Corporate Governance**

We have not adopted a code of ethics. We intend to adopt a code of ethics during 2016.

**Item 11. Executive Compensation.**

The following table sets forth a summary for the fiscal years ended December 31, 2015 and 2014 of the cash and non-cash compensation awarded, paid or accrued by the Company to our Chief Executive Officer and our two most highly compensated officers other than our Chief Executive Officer who served in such capacities in 2015 (collectively, the "Named Executive Officers"). All currency amounts are expressed in U.S. dollars.

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Award(s) (\$)	Option Award(s) (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Mark A. Smith, Chairman of Board of Directors and Chief Executive Officer	2015	320,000	—	—	—	—	—	23,618	343,618
	2014	320,000	96,000	—	—	—	—	25,155	441,155
Troy G. Taggart	2015	225,000	—	—	—	—	—	21,816	246,816
President	2014	225,000	67,500	—	—	—	—	23,020	315,520
Thomas R. Oxenreiter, Chief Financial Officer	2015	175,000	—	—	—	—	—	18,021	193,021
	2014	175,000	52,500	—	—	—	—	17,873	245,373

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(1) The Company has determined that stock appreciation rights granted in 2015 to the Named Executive Officers have no value.

(2) This column includes employee benefit amounts including health insurance.

### Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to the Named Executive Officers concerning equity awards granted by the Company as of December 31, 2015.

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Mark A. Smith	8,000,000(1)	—	—	.50	12-01-2017	—	—	—	—
Mark A. Smith	3,000,000(2)	—	—	.07	10-18-2023	—	—	—	—
Troy G. Taggart	3,000,000(2)	—	—	.07	10-18-2023	—	—	—	—
Troy G. Taggart	50,000(3)	50,000	—	.15	10-23-2025	—	—	—	—
Thomas R. Oxenreiter	100,000(4)	—	—	.80	3-13-2018	—	—	—	—
Thomas R. Oxenreiter	3,000,000(2)	—	—	.07	10-18-2023	—	—	—	—
Thomas R. Oxenreiter	50,000(3)	50,000	—	.15	10-23-2025	—	—	—	—

(1) Option to purchase 8,000,000 shares of common stock at \$0.50 per share granted December 1, 2007, vested on December 1, 2007, and expires on December 1, 2017.

(2) Stock appreciation rights on 3,000,000 shares of common stock at \$0.07 per share granted October 18, 2013, vested one-third on October 18, 2013, one-third on October 18, 2014, and one-third on October 18, 2015. The stock appreciation rights expire on October 18, 2023.

(3) Stock appreciation rights on 100,000 shares of common stock at \$0.15 per shares granted on October 23, 2015, vested one-half on October 23, 2015, and will vest one-half on October 23, 2016. The stock appreciation rights expire on October 23, 2025.

(4) Option to purchase 100,000 shares of Common Stock at \$0.80 per share granted March 13, 2008, vested one-third on March 13, 2009, one-third on March 13, 2010, and one-third on March 13, 2011. The option expires on March 13, 2018.

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### Director Compensation

Other than compensation of Named Executive Officers disclosed in the Summary Compensation Table, the Company did not pay any compensation to Directors.

### Employment Agreements and Change in Control Arrangements

On October 18, 2013, the Company entered into an Employment Agreement with Mark A. Smith, the Company's Chairman and Chief Executive Officer (the "2013 Smith Employment Agreement"). The 2013 Smith Employment Agreement provides for a base salary of \$320,000 per year, plus certain expenses and employee benefits, and an annual bonus dependent upon the attainment of certain performance measures. The 2013 Smith Employment Agreement has an initial expiration date of October 18, 2016, which expiration date is automatically extended by one day during each day of the term of the agreement so that the unexpired term is

always three years, unless either Mr. Smith or the Company terminates the automatic extension provision.

Upon a change in control, as defined in the 2013 Smith Employment Agreement, and for six months thereafter, Mr. Smith may terminate the Smith Employment Agreement. Upon such termination, the Company must pay Mr. Smith a lump sum equal to two times Mr. Smith's salary and annual bonus on the date of termination for the remaining term of the 2013 Smith Employment Agreement. Also upon such termination, all equity awards granted by the Company to Mr. Smith immediately vest and remain exercisable for their original term, and all employee benefits remain in place for one year.

Prior to October 18, 2013, the Company and Mr. Smith were parties to an Employment Agreement dated December 1, 2007 (the "2007 Smith Employment Agreement"), which provided for a base salary of \$320,000 per year, plus certain expenses and employee benefits, and an annual bonus dependent upon the attainment of certain performance measures. The 2007 Smith Employment Agreement expired on November 30, 2010, after which it was automatically extended each day to the date one year from that day, until it was superseded by the 2013 Smith Employment Agreement. Pursuant to the 2007 Smith Employment Agreement, Mr. Smith was awarded options to purchase 8,000,000 shares of the Company's common stock at an exercise price of \$0.50 per share.

Upon a change in control, as defined in the 2007 Smith Employment Agreement, and for six months thereafter, Mr. Smith could terminate the 2007 Smith Employment Agreement. Upon such termination, the Company would pay Mr. Smith a lump sum equal to Mr. Smith's salary and target bonus on the date of termination for the remaining term of the 2013 Smith Employment Agreement. Also upon such termination, all equity awards granted by the Company to Mr. Smith would immediately vest and remain exercisable for their original term, and all employee benefits would remain in place for one year.

On October 18, 2013, the Company entered into an Employment Agreement with Thomas R. Oxenreiter, the Company's Chief Financial Officer (the "Oxenreiter Employment Agreement"). The Oxenreiter Employment Agreement provides for a base salary of \$175,000 per year, plus certain expenses and employee benefits, and an annual bonus dependent upon the attainment of certain performance measures. The Oxenreiter Employment Agreement has an initial expiration date of October 18, 2016, which expiration date is automatically extended by one day during each day of the term of the agreement so that the unexpired term is always three years, unless either Mr. Oxenreiter or the Company terminates the automatic extension provision.

Upon a change in control, as defined in the Oxenreiter Employment Agreement, and for six months thereafter, Mr. Oxenreiter may terminate the Oxenreiter Employment Agreement. Upon such termination, the Company must pay Mr. Oxenreiter a lump sum equal to Mr. Oxenreiter's salary and annual bonus on the date of termination for the remaining term of the Oxenreiter Employment Agreement. Also upon such termination, all equity awards granted by the Company to Mr. Oxenreiter immediately vest and remain exercisable for their original term, and all employee benefits remain in place for one year.

## Item 12. Security Ownership of Certain Beneficial Owners and Management.

### Security Ownership of 5% Beneficial Owners, Directors and Management

The following table sets forth information, as of April 4, 2016, regarding beneficial ownership of our common stock to the extent known to us, by:

- (i) each person who is known by us to own beneficially more than 5% of our outstanding shares of common stock or Series B Stock (each a "5% Stockholder");
- (ii) each Director;
- (iii) each Named Executive Officer; and
- (iv) all of our Directors and Named Executive Officers as a group.

We have determined beneficial ownership in accordance with the Rules of the SEC. Unless otherwise noted, we believe that each person named in the table has sole voting and investment power with respect to all shares of our common stock that he or she beneficially owns.

Applicable percentage ownership of common stock is based on 143,336,073 shares of common stock outstanding. For purposes of these tables, a person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from April 4, 2016 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from the date hereof have been exercised. Unless otherwise indicated, the address of each 5% Stockholder, Director and Named Executive Officer is 229 Howes Run Road, Sarver, PA 16055.

Securities authorized for issuance under equity compensation plans appear in Item 5 of this Report on Form 10-K.

Name and Beneficial Owner	Shares of Common Stock Beneficially Owned		Shares of Series C Preferred Stock Beneficially Owned		Percentage of Voting Stock Beneficially Owned
	Shares	%	Shares	%	%
<b>Named Executive Officers and Directors:</b>					
Mark A. Smith (1)	36,732,684	23.5%	—	—	13.1%
Troy G. Taggart (2)	4,286,375	2.9%	—	—	1.6%
Thomas R. Oxenreiter(3)	6,948,499	4.7%	—	—	2.6%
All executive officers and directors as a group (3 persons)	47,967,558	29.4%	—	—	16.7%
<b>Other 5% Stockholders:</b>					
David M. Truitt (4)	92,198,338	32.1%	1,250,000	100.0%	57.5%
Lesa Smith (5)	24,518,764	17.1%	—	—	9.1%
Delta Networks Limited SA (6)	9,300,000	6.5%	—	—	3.5%
John W. Whearty, Trustee of the Anthony F. Hovey Living Trust dated 3-18-2008 (7)	8,929,638	5.9%	—	—	3.3%
deLaski Family Foundation (8)	8,350,587	5.8%	—	—	3.1%

(1) Includes 23,941,764 shares of common stock jointly owned by Mr. Smith and his wife, Lesa A. Smith, and 12,790,920 shares of common stock issuable upon exercise of outstanding options, stock appreciation rights, and warrants.

(2) Includes 74,330 shares of common stock owned by a revocable trust controlled by Mr. Taggart, and 3,212,045 shares of common stock issuable upon exercise of outstanding options, stock appreciation rights, and warrants.

- (3) Includes 3,392,436 shares of common stock jointly owned by Mr. Oxenreiter and his wife, Emily J. Oxenreiter, and 3,556,063 shares of common stock issuable upon exercise of outstanding options, stock appreciation rights, and warrants.
- (4) The address for Mr. Truitt is 13241 Woodland Park Road, Suite 610, Herndon, VA 20171. Includes 39,162,638 shares of common stock issuable upon conversion of a Secured Promissory Note and 27,000,000 shares of common stock issuable upon exercise of outstanding warrants. Shares of common stock beneficially owned include 25,000,000 shares of common stock issuable upon conversion of Series C Preferred Stock.
- (5) Represents 23,941,764 shares of common stock owned jointly by Mrs. Smith and her husband, Mark A. Smith; 177,000 shares of common stock owned by the 2000 Irrevocable Trust FBO Benjamin Smith, of which Mrs. Smith is the trustee; and 200,000 shares of common stock owned by the 2000 Irrevocable Trust FBO Ian Smith, of which Mrs. Smith is the trustee.
- (6) The address for Delta Networks Limited SA is Molenberglei 42, 2627 Scheibe, Belgium. Peter Magnus has voting and investment power over these securities. Includes 300,000 shares of common stock owned by a wholly-owned subsidiary of Delta Networks Limited SA.
- (7) The address for John W. Whearty, Trustee of the Anthony F. Hovey Living Trust dated 3/18/2008 is 9115 SW Oleson Road, Suite 100, Portland, OR 97223. Includes 500,000 shares of common stock issuable upon exercise of outstanding warrants to purchase shares of Series B Preferred Stock, and subsequent conversion of such shares of Series B Preferred Stock to common stock.
- (8) The address for the deLaski Family Foundation is 1201 Connecticut Ave. NW, Suite 300, Washington, DC 20036.

**Item 13. Certain Relationships and Related 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. The Company incurred \$78,000 of lease expense for this building in each of the years ended December 31, 2015 and 2014. The lease is cancellable by either party upon 30 days' notice.

During 2014, Mr. Smith advanced the Company \$29,000. Interest on the note at 8% amounted to \$123 and \$47 for the years ended December 31, 2015 and 2014, respectively. The balance of the note was \$29,047 at December 31, 2014. The note was repaid during 2015.

On November 9, 2012, the Company and Mr. Smith entered into a Lease Agreement, pursuant to which the Company leases a field vehicle from Mr. Smith. The lease is for 60 months, and is for substantially the same terms for which Mr. Smith leases the vehicle from the manufacturer. Interest on the lease amounted to \$249 and \$346 for the years ended December 31, 2015 and 2014, respectively. The lease is recorded as a capital lease. At December 31, 2015, gross assets recorded under the lease and associated accumulated depreciation were \$16,870 and \$10,544, respectively.

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During 2015, Thomas R. Oxenreiter, the Company's chief financial officer, advanced the Company \$18,891. Interest on the note at 10% amounted to \$448 for the year ended December 31, 2015. In addition, Mr. Oxenreiter received warrants to purchase 18,891 shares of the Company's common stock in connection with the note. The note was repaid during 2015.

**Director Independence**

None of the Company's directors are independent as defined in the rules of the NASDAQ National Market System.

**Transactions with Control Persons**

None.

**Item 14. Principal Accountant Fees and Services.**

The aggregate fees billed to the Company by its principal accountants were as follows for the years ended December 31:

	2015	2014
Audit fees	\$ 26,756	\$ 68,873
Tax fees	8,763	—
<b>Total fees billed</b>	<b>\$ 35,519</b>	<b>\$ 68,873</b>

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**Item 15. Exhibits and Financial Statement Schedules.**

Exhibit	Document
3.1	Amended Articles of Incorporation of Geospatial Corporation (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
3.2	Bylaws of Geospatial Corporation (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
4.1	Certificate of Designations of the Series B Convertible Preferred Stock of Geospatial Holdings, Inc. dated as of August 20, 2013 (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
4.2	Common Stock Specimen Certificate (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
4.3	Series B Convertible Preferred Stock Specimen Certificate (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
4.4	Certificate of Designations, Powers, Preferences and Rights of Series C Convertible Preferred Stock dated March 16, 2016 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated as of March 16, 2016)
10.1	Lease Agreement dated May 1, 2006 between Mark A. Smith and Geospatial Mapping Systems, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
10.2	Geospatial Holdings, Inc. 2013 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-1

- 10.3 Geospatial Mapping Systems, Inc. 2007 Stock Option Plan (incorporated by reference to Exhibit 10.3 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.4 Employment Agreement dated December 1, 2007 between Mark A. Smith and Geospatial Mapping Systems, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.5 Nonqualified Stock Option Agreement between Geospatial Mapping Systems, Inc. and Mark A. Smith dated effective December 1, 2007 (incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.6 Agreement Not to Compete between Mark A. Smith and Geospatial Mapping Systems, Inc. dated effective December 1, 2007 (incorporated by reference to Exhibit 10.6 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.7 Conversion Agreement dated August 20, 2013 by and among Geospatial Holdings, Inc., Geospatial Mapping Systems, Inc. and Mark A. Smith (incorporated by reference to Exhibit 10.7 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.8 Employment Agreement dated October 18, 2013 by and between Geospatial Corporation and Mark A. Smith (incorporated by reference to Exhibit 10.8 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.9 Stock Appreciation Rights Agreement dated October 18, 2013 between Geospatial Corporation and Mark A. Smith (incorporated by reference to Exhibit 10.9 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.10 Stock Appreciation Rights Agreement dated October 18, 2013 between Geospatial Corporation and Troy Taggart (incorporated by reference to Exhibit 10.10 of the Company's Registration Statement on Form S-1 dated March 26, 2014)

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**Exhibit Document**


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- 10.11 Nonqualified Stock Option Agreement between Geospatial Mapping Systems, Inc. and Thomas R. Oxenreiter dated effective March 13, 2008 (incorporated by reference to Exhibit 10.11 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.12 Agreement Not to Compete between Thomas R. Oxenreiter and Geospatial Mapping Systems, Inc. dated effective March 13, 2008 (incorporated by reference to Exhibit 10.12 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.13 Conversion Agreement dated August 20, 2013 by and among Geospatial Holdings, Inc., Geospatial Mapping Systems, Inc. and Thomas R. Oxenreiter (incorporated by reference to Exhibit 10.13 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.14 Employment Agreement dated October 18, 2013 by and between Geospatial Corporation and Thomas R. Oxenreiter (incorporated by reference to Exhibit 10.14 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.15 Stock Appreciation Rights Agreement dated October 18, 2013 between Geospatial Corporation and Thomas R. Oxenreiter (incorporated by reference to Exhibit 10.15 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.16 Mutual Termination and Release Agreement dated February 28, 2013 by and among Geospatial Holdings, Inc., Timothy F. Sutherland, Thomas J. Ridge, Pace Global Energy Services, LLC, Pace Financial Services, LLC and Ridge Global, LLC (incorporated by reference to Exhibit 10.16 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.17 Mutual Release and Settlement Agreement dated May 10, 2013 by and among Geospatial Holdings, Inc., Geospatial Mapping Systems, Inc., Reduct N.V., and Delta Networks, S.A. (incorporated by reference to Exhibit 10.17 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.18 Geospatial Holdings, Inc. Promissory Note dated November 21, 2012 in favor of Matthew F. Bensen (incorporated by reference to Exhibit 10.18 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.19 Settlement Agreement dated May 25, 2012 among Joseph Timothy Nippes, Daniel A. Bradley, Christina Sherwood, Joseph A. Lane, Ronald Peterson, Timothy Story, Linda Ward, Geospatial Mapping Systems, Inc., Geospatial Holdings, Inc., Mark A. Smith, Thomas R. Oxenreiter, Timothy F. Sutherland and Thomas Ridge (incorporated by reference to Exhibit 10.19 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
- 10.20 Settlement Agreement dated June 22, 2014 by and among Brad Brooks, et al., Geospatial Corporation, Mark A. Smith, and Thomas R. Oxenreiter (incorporated by reference to Exhibit 10.20 of the Company's Amendment No. 1 to Registration Statement on Form S-1 dated November 14, 2014)
- 10.21 Asset Purchase Agreement dated as of September 17, 2014 among Geospatial Corporation, Select Analytics LLC, and Edward R. Camp, Jr. (incorporated by reference to Exhibit 10.21 of the Company's Amendment No. 1 to Registration Statement on Form S-1 dated November 14, 2014)
- 10.22 Employment and Noncompetition Agreement dated September 17, 2014 between Geospatial Corporation and Edward R. Camp, Jr. (incorporated by reference to Exhibit 10.22 of the Company's Amendment No. 1 to Registration Statement on Form S-1 dated November 14, 2014)
- 10.23 Note and Warrant Purchase Agreement dated as of January 16, 2015 by and between Geospatial Corporation and Horberg Enterprises LP. (incorporated by reference to Exhibit 10.23 of the Company's Amendment No. 2 to Registration Statement on Form S-1 dated March 9, 2015)

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**Exhibit Document**


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- 10.24 Note and Warrant Purchase Agreement dated as of April 2, 2015 by and between Geospatial Corporation and David Truitt (incorporated by reference to Exhibit 10.24 of the Company's Amendment No. 3 to Registration Statement on Form S-1 dated May 19, 2014)
- 10.25 Preferred Stock Purchase Agreement dated March 16, 2016 by and between Geospatial Corporation and David Truitt (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated as of March 16, 2016)
- 10.26 [Agreement and Amendment dated January 27, 2016 by and between Geospatial Corporation and David Truitt \\*](#)

10.27	<a href="#">Settlement Agreement, General Release and Waiver of Claims dated February 24, 2016 by and among Edward R. Camp, Jr., Select Analytics LLC, and Geospatial Corporation *</a>
10.28	<a href="#">Stock Appreciation Rights Agreement by and between Geospatial Corporation and Troy G. Taggart dated October 23, 2015 *</a>
10.29	<a href="#">Stock Appreciation Rights Agreement by and between Geospatial Corporation and Thomas R. Oxenreiter dated October 23, 2015 *</a>
10.30	<a href="#">Convertible Note and Warrant Purchase Agreement by and between Geospatial Corporation and Thomas R. Oxenreiter dated September 30, 2015 *</a>
10.31	<a href="#">Convertible Note and Warrant Purchase Agreement by and between Geospatial Corporation and Thomas R. Oxenreiter dated October 15, 2015 *</a>
21.1	List of Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 of the Company's Registration Statement on Form S-1 dated March 26, 2014)
31.1	<a href="#">Certification of Mark A. Smith Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</a>
31.2	<a href="#">Certification of Thomas R. Oxenreiter Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</a>
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *</a>
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

\* Filed herewith

#### SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Geospatial Corporation  
(Registrant)

Date: April 14, 2016

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of April 14, 2016:

<u>Signature</u>	<u>Title</u>
<u>/s/ Mark A. Smith</u> Mark A. Smith	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Thomas R. Oxenreiter</u> Thomas R. Oxenreiter	Chief Financial Officer and Director (Principal Financial Officer and Principal Accounting Officer)

EX-10.26 2 ex10-26.htm AGREEMENT AND AMENDMENT

[Geospatial Corporation 10-K](#)

**Exhibit 10.26**

#### AGREEMENT AND AMENDMENT

THIS AGREEMENT AND AMENDMENT ("Agreement") is dated as of January 27, 2016, by and between Geospatial Corporation, a Nevada corporation (the "Company"), and David M. Truitt, an individual resident of Virginia ("Purchaser").

#### RECITALS:

WHEREAS, the Company and Purchaser are parties to a Note and Warrant Purchase Agreement dated as of April 2, 2015 (the "Purchase Agreement"), pursuant to which the Company issued and sold to Purchaser a Secured Promissory Note dated April 2, 2015 in the principal amount of \$1,000,000 (the "Existing Note") and a Common Stock Purchase Warrant dated April 2, 2015 (the "Existing Warrant") representing the right to purchase 2,000,000 shares of the Company's common stock, par value \$.001 per share ("Common Stock"); and

WHEREAS, the Existing Note is secured by a first priority security interest in (i) all of the Company's assets pursuant to the terms of a Security Agreement dated as of April 2, 2015 between the Company and Purchaser (the "Security Agreement") and (ii) all of the assets of the Company's wholly-owned subsidiary, Geospatial Mapping Systems, Inc. ("Mapping") pursuant to the terms of a Security Agreement dated as of April 2, 2015 between Mapping and Purchaser (the "Mapping Security Agreement"); and

WHEREAS, the Company and Purchaser desire to amend the Existing Note to extend the maturity date thereof, and in connection therewith Purchaser desires to make an additional loan to the Company in the amount of \$250,000.00 and the Company desires to issue to Purchaser a warrant to purchase an additional 25,000,000 shares of Common Stock.

NOW, THEREFORE, in consideration of the foregoing recitals and the respective representations and warranties, covenants and agreements contained herein, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Amendment to Existing Note.

(a) Section 2.1 of the Existing Note is hereby amended in its entirety to read as follows:

2.1 Maturity Date. This Note will automatically mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) July 31, 2016 (the "Maturity Date"), or (b) the occurrence of an Event of Default (as defined in Section 5).

(b) Subsection (a) of Section 4.1 of the Existing Note is hereby amended in its entirety to read as follows:

(a) the non-payment of any principal, interest or other amounts due under the Note or under the Secured Promissory Note of the Company dated January 27, 2016 in the principal amount of \$250,000.00 issued to the Holder, within ten (10) calendar days after when due;

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2. Waiver of Event of Default. Any Event of Default (as defined in the Existing Note) resulting from the Company's prior non-payment of amounts due under the Existing Note is hereby waived by Purchaser. The Note shall not accrue interest at the higher rate provided for under Section 4.2 of the Note during the period from the date of such Event of Default to the date hereof.

3. Sale and Purchase. Subject to the terms and conditions hereof, the Company hereby issues and sells to Purchaser, and Purchaser hereby purchases from the Company, a Secured Promissory Note in the principal amount of \$250,000.00 in the form attached hereto as Exhibit A (the "Note") and a Warrant to purchase 25,000,000 shares of Common Stock (the "Warrant Shares") in the form attached hereto as Exhibit B (the "Warrant"). Purchaser shall hereby pay to the Company the purchase price for the Note and Warrant in the amount of \$250,000.00, by wire transfer of immediately available funds to an account designated in writing by the Company, and the Company hereby delivers the executed Note and Warrant to Purchaser. As set forth in the Note, the Note may be converted into shares of Company Common Stock ("Conversion Shares") at any time at the election of Purchaser.

4. Security. Both the Existing Note and the Note shall be secured by all of the assets of the Company on the terms and conditions set forth in the Security Agreement and by all of the assets of the Mapping pursuant on the terms and conditions set forth in the Mapping Security Agreement, and each of the Security Agreement and Mapping Security Agreement shall be deemed amended accordingly.

5. Representations and Warranties of the Company. The Company represents to Purchaser, as of the date hereof, as follows:

(a) Organization and Standing. The Company is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, with all requisite corporate power and authority to own and operate its properties and assets and to execute and deliver this Agreement, the Note and the Warrant. The Company and each of its subsidiaries is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on such corporation or its business. All of the issued shares of capital stock or other ownership interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly by the Company and are free and clear of all liens, encumbrances, equities or claims, other than a security interest in all of the Company's assets granted to Purchaser pursuant to the Security Agreement.

(b) Authorization: Binding Obligation. All corporate action on the part of the Company necessary for the authorization, execution and delivery of this Agreement, the Note and the Warrant and the performance of all obligations of the Company hereunder and thereunder has been taken. This Agreement, the Note and the Warrant constitute valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

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(c) Capitalization. Immediately prior to giving effect to the transactions contemplated by this Agreement, the authorized capital stock of the Company consists of (i) 350,000,000 shares of Common Stock, of which 141,616,264 shares are issued and outstanding, and (ii) 25,000,000 shares of preferred stock, par value \$.001 per share, 5,000,000 shares of which are designated as "Series B Convertible Preferred Stock", none of which are issued and outstanding. As of the date hereof 9,050,000 shares of Common Stock are reserved for issuance upon exercise of stock options granted under the Company's 2007 Stock Option Plan and 25,000,000 shares of Common Stock are reserved for issuance upon exercise of stock options and other stock awards to be granted under the Company's 2013 Equity Incentive Plan (18,358,500 of which have been granted as of the date hereof). As of the date hereof there are outstanding warrants to purchase 12,922,648 shares of Common Stock, and warrants to purchase 344,993 shares of Series B Convertible Preferred Stock. All of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are subject to no preemptive rights (and were not issued in violation of any preemptive rights). Except as provided in the Note and the Warrant, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock or other equity security that is not reserved for issuance as specified in this subsection 5(c), and the Company has not made any other commitment to authorize, issue or sell any Common Stock or other equity security.

(d) Proceeds. The Company shall use the proceeds from the issuance and sale of the Note and Warrant for working capital and other general corporate purposes.

(e) Reservation of Shares. The Company has reserved from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of the Conversion Shares and Warrant Shares.

(f) Issuance of Shares. The Conversion Shares and Warrant Shares are duly authorized and reserved for issuance and, upon conversion of the Note or exercise of the Warrant in accordance with their respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

(g) No Conflicts. The execution, delivery and performance of this Agreement, the Note and the Warrant by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares and Warrant Shares) will not (i) conflict with or result in a violation of any provision of the Company's Articles of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a

default) under, or give to others any rights of termination, acceleration or cancellation of, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or any of its subsidiaries under, any agreement, indenture, patent, patent license or instrument to which the Company or any of its subsidiaries is a party, other than pursuant to the Security Agreement, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected, except, with respect to clauses (ii) and (iii), for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a material adverse effect on the Company or its business. No notice to, filing with, exemption or review by, or authorization, consent or approval of, any governmental body or agency is required to be made or obtained by the Company in connection with the performance by the Company of its obligations under this Agreement, the Note or the Warrant, except for notice filings under applicable securities laws.

6. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company, as of the date hereof, as follows:

(a) Requisite Power and Authority. All action on the part of Purchaser necessary for the authorization of this Agreement and the performance of all obligations of Purchaser hereunder has been taken. This Agreement constitutes the valid and binding obligation of Purchaser enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

(b) Investment Representations. Purchaser understands that the Note and the Warrant issued to Purchaser hereunder, and the Warrant Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). Purchaser also understands that the Note and the Warrant are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

(c) Experience; Risk. Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the purchase of the Note, the Warrant and the Warrant Shares and of protecting Purchaser's interests in connection therewith. Purchaser is able to fend for himself in the transactions contemplated by this Agreement and has the ability to bear the economic risk of the investment, including complete loss of the investment.

(d) Investment. Purchaser is acquiring the Note, the Warrant and the Warrant Shares for investment for his own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser understands that the Note, the Warrant and the Warrant Shares have not been registered under the Securities Act and applicable state securities laws (collectively, the "Acts") by reason of a specific exemption from the registration provisions of the Acts which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Purchaser's representations as expressed herein.

(e) Information. Purchaser has been furnished with all information which he deems necessary to evaluate the merits and risks of purchasing the Note and the Warrant and has had the opportunity to ask questions concerning the Note, the Warrant and the Company and all questions posed have been answered to his satisfaction. Purchaser has been given the opportunity to obtain any additional information he deems necessary to verify the accuracy of any information obtained concerning the Note, the Warrant and the Company. Neither such inquiries nor any other investigation conducted by or on behalf of Purchaser or its representatives or counsel shall modify, amend or affect Purchaser's right to rely on the truth, accuracy and completeness of the Company's representations and warranties contained in this Agreement. Purchaser understands that an investment in the Note and Warrant involves significant risks.

(f) Accredited Investor. Purchaser is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act. Purchaser has considered the federal and state income tax implications of an investment in the Note and Warrant and has consulted with his own advisors with respect thereto.

(g) Residence. The place where Purchaser's investment decision was made is located at the address of Purchaser set forth on the signature page hereto.

(h) Legends. Purchaser understands and agrees that the Note will bear a legend as set forth on Exhibit A and, the Warrant will bear a legend as set forth on Exhibit B. In addition, the Note, the Warrant and any certificate or other instrument representing the Warrant Shares and the Conversion Shares will bear any other legend that may be required by applicable law, by the Company's Articles of Incorporation or Bylaws, or by any agreement between the Company and Purchaser.

7. Reservation of Shares. The Company agrees to take any and all action as is necessary or desirable to authorize, reserve and issue any shares of the Company's capital stock issuable upon exercise of the Warrant and upon conversion of the Note.

8. Registration Rights.

(a) Definitions. As used in this Section 8 and unless the context requires a different meaning, the following terms have the meanings indicated:

"Register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document by the Commission.

"Registration Expenses" means all expenses incurred by the Company in complying with this Section 8, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration.

"Selling Expenses" means all underwriting discounts and broker commissions applicable to the sale.

(b) Piggyback Registration. The Company shall notify Purchaser in writing at least thirty (30) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act), which notice will specify the proposed offering price, the kind and number of securities proposed to be registered, the distribution arrangements and such other information that at the time would be appropriate to include in such notice, and will afford each Purchaser an opportunity to include in such registration statement all or part of the Warrant Shares held by Purchaser on terms and conditions at least as favorable as those applicable to the securities to be sold by the Company and by any other person thereunder. Purchaser desires to include in any such registration

statement all or part of the Warrant Shares he shall, within fifteen (15) days after the above-described meeting of the Company, so notify the Company in writing. If Purchaser decides not to include some or all of his Warrant Shares in any registration statement thereafter filed by the Company or decides to withdraw his Registrable Shares from any underwriting or registration pursuant to Section 8(b)(i), Purchaser shall nevertheless continue to have the right to include any Warrant Shares in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(i) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 8(b) prior to the effectiveness of such registration whether or not Purchaser has elected to include Warrant Shares in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 8(b) hereof.

(c) Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 8(b) herein shall be borne by the Company. All Selling Expenses applicable to Warrant Shares sold by Purchaser incurred in connection with any registrations hereunder shall be borne by Purchaser.

9. Confirmations. The Company confirms that the Existing Note remains outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Agreement and the security interests granted pursuant to the Security Agreement and the Mapping Security Agreement shall continue unimpaired by this Agreement and in full force and effect, and nothing in this Agreement shall alter the priority of any such lien, security interest, mortgage, guarantee or pledge.

10. No Other Changes. Except as modified by this Agreement, each of the Existing Note, the Existing Warrant, the Security Agreement and the Mapping Security Agreement shall remain in full force and effect and is hereby in all respects ratified and confirmed.

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11. Miscellaneous.

(a) Governing Law; Arbitration. This Agreement and the Note shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply. Any dispute or claim arising to or in any way related to this Agreement or the Note or the rights and obligations of each of the parties hereto shall be settled by binding arbitration in Pittsburgh, Pennsylvania. All arbitration shall be conducted in accordance with the rules and regulations of the American Arbitration Association ("AAA"). AAA shall designate an arbitrator from an approved list of arbitrators following both parties' review and deletion of those arbitrators on the approved list having a conflict of interest with either party. The Company agrees that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

(b) Indemnification. In consideration of Purchaser's execution and delivery of this Agreement and purchase of the Note and the Warrant hereunder, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless Purchaser from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether Purchaser is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by Purchaser as a result of, or arising out of, or relating to (a) any material misrepresentation by Company or any material breach of any covenant, agreement, obligation, representation or warranty by the Company contained in this Agreement, or (b) after any applicable notice and/or cure periods, any breach or default in performance by the Company of any covenant or undertaking to be performed by the Company hereunder. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

(c) Successors and Assigns. This Agreement may not be assigned, conveyed or transferred by either party without the prior written consent of the other party. Subject to the foregoing, the rights and obligations of the Company and Purchaser under this Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees. The terms and provisions of this Agreement are for the sole benefit of the parties hereto and thereto and their respective permitted successors and assigns, and are not intended to confer any third-party benefit on any other person.

(d) Entire Agreement. This Agreement, the exhibits and schedules hereto and the Note, the Warrant and the Security Agreement delivered pursuant to the terms hereof constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein. Any previous agreement among the parties relative to the specific subject matter hereof is superseded by this Agreement, the Note and the Warrant

(e) Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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(f) Amendment or Waiver. This Agreement, the Note, the Warrant and the Security Agreement may be amended, and any term or provision of this Agreement, the Note and the Warrant may be waived, (either generally or in a particular instance and either retroactively or prospectively) upon the written consent of the Company and Purchaser.

(g) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, including, with respect to Purchaser, upon delivery by electronic mail to Purchaser's e-mail address; (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) the next business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and to Purchaser at the address or facsimile number set forth on such party's signature page hereof or at such other address as the Company or Purchaser may designate by 10 days' advance written notice to the other parties hereto.

(h) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement, the Note and the Warrant.

(i) Titles and Subtitles. The titles of the sections and subsections of the Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts (and by facsimile or .PDF), each of which shall be an original, but all of which together shall constitute one instrument.

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COMPANY:

GEOSPATIAL CORPORATION

By: /s/ Mark Smith  
Mark Smith  
Chief Executive Officer

Address:

229 Howes Run Road  
Sarver, PA 16055

PURCHASER:

/s/ David M. Truitt  
David M. Truitt

Address:

Discover Technologies, LLC  
13241 Woodland Park Road Suite  
610 Herndon, VA 20171 United States

For Purposes of Agreeing to Section 4:

GEOSPATIAL MAPPING SYSTEMS, INC.

By: /s/ Mark Smith  
Mark Smith  
Chief Executive Officer

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EXHIBIT A

FORM OF NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THIS NOTE MAY NOT BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO THAT CERTAIN AGREEMENT AND AMENDMENT, DATED AS OF JANUARY 26, 2016, BY AND BETWEEN THE COMPANY AND THE HOLDER OF THIS NOTE.

SECURED PROMISSORY NOTE

\$250,000.00

Issue Date: January 26, 2016

For value received, Geospatial Corporation, a Nevada corporation (together with its successors and assigns, the "Company"), promises to pay to David M. Truitt (the "Holder," which term shall include any holder or other transferee of this Note), the principal sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) together with any and all interest accrued but unpaid thereon. This Note is issued pursuant to that certain Agreement and Amendment dated as of January 26, 2016, by and between the Company and the Holder (as may from time to time be modified, supplemented and replaced, the "Agreement"). This Note is subject to the terms of the Agreement and the following additional terms and conditions.

1. Definitions: Security. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Agreement. As used herein, the term "Loan Documents" shall mean this Note, the Agreement, the Security Agreement, the Mapping Security Agreement, any other instrument or agreement which now or hereafter evidences, governs, secures or guaranties the indebtedness evidenced by this Note, including any loan agreement, deed of trust, security agreement or guaranty, and all renewals, extensions and modifications thereof and substitutions therefor. This Note is secured pursuant to the terms of a Security Agreement dated as of April 2, 2015 between the Company and the Holder (as may from time to time be modified, supplemented and replaced, the "Security Agreement") and a Security Agreement dated as of April 2, 2015 between the Company and Mapping (as may from time to time be modified, supplemented and replaced, the "Mapping Security Agreement").

2. Payment Terms.

2.1 Maturity Date. This Note will automatically mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) July 26, 2016; (the "Maturity Date"), or (b) the occurrence of an Event of Default (as defined in Section 5).

2.2 Interest. Subject to Section 4.2, interest shall accrue on the unpaid principal amount of this Note at a fixed rate per annum of (10%) from the date hereof until paid in full.

2.3 Prepayment. The Company shall have the right to prepay all or any portion of this Note, at any time and from time to time, by paying the amount to be prepaid and interest thereon. A partial prepayment of principal shall not affect the obligation of the Company to make subsequent scheduled principal payments at the times and in the amounts required until this Note is paid in full.

3. Payment. Except as set forth herein, all payments shall be made in immediately available funds in lawful money of the United States of America to the Holder, without offset, at 13241 Woodland Park Road Suite 610 Herndon, VA 20171 (or at such other address as the Holder shall designate). The making of any

payment in other than immediately available funds which the Holder, at its option, elects to accept shall be subject to collection, and interest shall continue to accrue until the funds by which payment is made are available to the Holder for its use. Payment shall be credited first to any accrued interest then due and payable and the remainder applied to principal.

#### 4. Events of Default.

4.1 The entire unpaid principal sum of this Note, together with any and all interest accrued but unpaid thereon, shall become immediately due and payable upon the occurrence of an Event of Default. Subject to the foregoing, an “Event of Default” shall be deemed to have occurred upon the occurrence of any of the following:

- (a) the nonpayment of any principal, interest or other amounts due under this Note or the Existing Note within ten (10) calendar days after when due;
- (b) any default under the terms of any of the Loan Documents, or the failure to perform or observe any warranty, covenant, or other condition of any of the Loan Documents, which, in any such case, has not been cured within 20 days after notice in writing has been sent to the Company;
- (c) the merger, consolidation, reorganization, dissolution, or termination of existence of the Company; or the pledge, lease or other disposition of all or substantially all of the assets of the Company;
- (d) the filing by or against the Company of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any obligor, such proceeding is not dismissed or stayed within 60 days of the commencement thereof);
- (e) any assignment by the Company for the benefit of creditors;
- (f) a default with respect to any other indebtedness of the Company for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt, unless the holder of such debt waives such default or otherwise agrees to forbear from exercising its rights with respect to such default;
- (g) the entry of a final judgment against the Company in an amount exceeding \$100,000 and the failure of the Company to discharge the judgment within thirty (30) days of the entry thereof;

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(h) the Company ceases doing business as a going concern; or

(i) any agreement or other document granting the Holder security for the payment of this Note shall cease for any reason to be in full force and effect as such security with the priority stated to be created thereby, or the grantor of such security shall contest the validity or enforceability of the security or deny that it has any further liability or obligation under such agreement or other document.

4.2 Upon the occurrence of an Event of Default, interest shall accrue on the unpaid principal of this Note at a fixed rate of 20% per annum from the date of such Event of Default until the date such Event of Default has been waived by the Holder or cured to the reasonable satisfaction of the Holder.

4.3 Upon the occurrence of an Event of Default, and at any time thereafter unless and until such Event of Default has been waived by the Holder or cured to the reasonable satisfaction of the Holder, the Holder may, by notice to the Company declare the unpaid principal of and any accrued interest in respect of or under this Note to be due whereupon the same shall be immediately due and payable. The Holder shall also have any other rights which the Holder may have pursuant to the Loan Documents and applicable law. Notwithstanding the foregoing, if an Event of Default specified in Section 4.1(b) shall occur, then the aggregate principal amount of this Note (together with all accrued interest thereon), shall become immediately due and payable without any action on the part of the Holder and the Company shall immediately pay to the Holder all amounts due and payable with respect to this Note.

#### 5. Conversion.

5.1 Conversion. The Holder shall have the right, at any time and from time to time, to convert the unpaid principal and accrued interest, if any, of this Note, in whole or in part, into shares of common stock, par value \$ .001 per share, of the Company (“Common Stock” or “Conversion Shares”) at a price per share (the “Conversion Price”) equal to 75% of (i) if the Common Stock is then traded on a national securities exchange or the Nasdaq Stock Market (or a similar national quotation system), the average of the closing “bid” prices of the Common Stock on such exchange or system for the ten (10) trading days ending on the date of delivery to the Company of a Notice of Conversion in the form annexed hereto as Exhibit A, or (ii) if the Common Stock is then actively traded over-the-counter, the average of the closing bid prices for the ten (10) trading days ending on the date of delivery to the Company of a Notice of Conversion in the form annexed hereto as Exhibit A. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Company before 6:00 p.m., New York, New York time on such conversion date (the “Conversion Date”). The term “Conversion Amount” means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder’s option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date.

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#### 5.2 Mechanics and Effect of Conversion.

(a) No fractional shares will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the unconverted balance that would otherwise be converted into such fractional share.

(b) In the event that this Note is converted in full pursuant to Section 5.1, the Holder shall surrender this Note, and the Notice of Conversion annexed hereto as Exhibit A by e-mail or facsimile, duly endorsed (but without the requirement of a medallion signature guarantee), to the Company and the Note shall thereupon be canceled; provided that if this Note is converted only in part, then only the Notice of Conversion, duly endorsed (but without the requirement of a medallion signature guarantee), shall be required to be delivered by e-mail or facsimile to the Company. As soon as practicable following the Company’s receipt of a Notice of Conversion and at its expense, but not later than ten business days after receipt of a Notice of Conversion, the Company will issue and deliver to the Holder, a certificate or certificates representing the number of shares of the Company’s Common Stock to which the Holder is entitled upon conversion, together with (i) a check payable to the Holder for any cash amounts in lieu of fractional shares as described in clause (a) above and (ii) to the extent that the Holder has converted this Note only in part, a replacement Note in the form hereof in the principal amount equal to the remaining principal balance of this Note (the “Replacement Note”). If permissible under Rule 144 under the Securities Act of 1933, as amended, or if the Conversion Shares have been registered for re-sale, all shares shall be delivered without legend and if, the Company is so eligible, by electronic delivery to a brokerage account designated by Holder. The Company shall pay the cost of any legal opinion that may be necessary for the delivery of the Conversion Shares.

5.3 Termination of Rights. Upon conversion of this Note in accordance with Section 5.1, all rights with respect to the converted portion of this Note shall terminate, whether or not the Note has been surrendered for cancellation, and the Company will be forever released from all of its obligations and liabilities under the converted portion of this Note except its obligations pursuant to Section 5.2.

5.4 Buy-In. In addition to any other rights available to the Holder, if the Company fails to deliver to a Holder the Conversion Shares as required pursuant to this Note, and the Holder purchases (in an open market transaction or otherwise) shares of Common Stock (or a broker or trading counterparty through which the Holder has agreed to sell shares makes such purchase) to deliver in satisfaction of a sale by such Holder of the Conversion Shares which the Holder was entitled to receive from the Company (a "Buy-In"), then the Company shall pay in cash to the Holder (in addition to honoring its obligation to deliver to Holder a certificate or certificates representing the Conversion Shares and any remedies available to or elected by the Holder) the amount by which (A) the Holder's total purchase price (including brokerage commissions, if any) for the shares of common stock so purchased exceeds (B) the aggregate Conversion Price of the Conversion Shares required to have been delivered together with interest thereon at a rate of 5% per annum, accruing until such amount and any accrued interest thereon is paid in full (which amount shall be paid as liquidated damages and not as a penalty). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to a Conversion Amount of \$10,000 to have been received upon conversion of this Note, the Company shall be required to pay the Holder \$1,000, plus interest. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In, along with the appropriate supporting documentation for such purchase.

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6. Transfer; Successors and Assigns. Subject to the restrictions set forth in the Agreement, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Holder. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The terms and conditions of this Note shall inure to the benefit of and binding upon the respective successors and assigns of the parties.

7. Governing Law. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Virginia, without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply.

8. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing by facsimile, e-mail, mail or personal delivery and shall be effective upon delivery of such notice. The addresses for such communications shall be to the addresses as shown on the books of the Company or to the Company at the address set forth in the Agreement. A party may from time to time change the address to which notices to it are to be delivered or mailed hereunder by notice in accordance with the provisions of this Section 8.

9. Amendments and Waivers. This Note and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Note, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

10. Stockholders, Officers and Directors Not Liable. In no event shall any stockholder, officer or director of the Company be liable for any amounts due or payable pursuant to this Note.

11. Headings. The headings in this Note are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

12. Benefits of this Note. Nothing in this Note shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Note and this Note shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Note.

13. Jurisdiction. The Company irrevocably (i) submit to the exclusive jurisdiction of any Virginia state court or federal court sitting in the Commonwealth of Virginia with respect to any suit, action, or proceeding relating to this Note, (ii) waives any objection which it may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum, (iii) waives the right to object that any such court does not have jurisdiction over it, and (iv) consents to the service of process in any such suit, action, or proceeding by the mailing of copies of such process to it by certified mail at the addresses indicated in this Note or at such other addresses of which the Holder shall have received notice. Nothing in this paragraph shall affect the Holder's right to serve process in any other manner permitted by law or to bring proceedings against the Company in any other court having jurisdiction.

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IN WITNESS WHEREOF, the Company has caused this Note to be duly executed and delivered by its authorized officer, as of the date first above written.

GEOSPATIAL CORPORATION  
[SEAL]

By: \_\_\_\_\_  
Mark A. Smith  
Chief Executive Officer

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EXHIBIT B

FORM OF WARRANT

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NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND

Warrant Issue Date: January 26, 2016

## COMMON STOCK PURCHASE WARRANT

For value received, Geospatial Corporation (the “Company”), a Nevada corporation, hereby certifies that David M. Truitt (the “Holder”) or its permitted assign(s) is entitled to purchase from the Company, at any time or from time to time during the Exercise Period (as defined below), in whole or in part, TWENTY FIVE MILLION (25,000,000) shares of the Company’s common stock, par value \$.001 per share (“Common Stock” or “Warrant Shares”) at a price of \$0.015 per share (the “Exercise Price”). This Warrant is issued pursuant to that certain Agreement and Amendment dated as of January 26, 2016, by and between the Company and the Holder (the “Purchase Agreement”). This Warrant is subject to the terms of the Purchase Agreement and the following additional terms and conditions.

### 1. Certain Definitions.

(a) “Change in Control” means any sale of capital stock of the Company or consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such sale, consolidation, merger or reorganization, do not hold at least a majority of the resulting or surviving corporation’s voting power immediately after such consolidation, merger or reorganization, or the sale, lease, or other disposition of all or substantially all of the assets of the Company.

(b) “Exercise Period” means the period commencing on the date of this Warrant and ending on 5:00 p.m. (prevailing local time at the principal executive office of the Company) on the tenth anniversary of the date of this Warrant.

(c) “Fair Market Value” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m.(New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Markets, Inc. OTCQB is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTCQB, (c) if the Common Stock is not then listed or quoted for trading on the OTCQB and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

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(d) “Trading Day” means (x) if the Common Stock is not listed on the NYSE Euronext or NYSE AMEX but sale prices of the Common Stock are reported on Nasdaq Global Market, Nasdaq Global Select Market, Nasdaq Capital Market or another automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, (y) if the Common Stock is listed on the NYSE Euronext or NYSE AMEX, a day on which there is trading on such stock exchange, or (z) if the foregoing provisions are inapplicable, a day on which quotations are reported by National Quotation Bureau Incorporated.

(e) “Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTCQB operated by OTC Markets, Inc. (or any successors to any of the foregoing).

(f) “VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for the preceding 10 Trading Days on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTCQB operated by OTC Markets, Inc. is not a Trading Market, the volume weighted average price of the Common Stock for the nearest preceding 10 days on the OTCQB, (c) if the Common Stock is not then listed or quoted for trading on the OTCQB and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the last reported bid price averaged over the preceding 10 days per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by the Company’s board of directors.

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### 2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, during the Exercise Period by delivery of the form of Notice of Exercise attached hereto as Annex A (the “Notice of Exercise”) duly completed and executed by the Holder by e-mail or facsimile, to the Company at its principal executive office. The Holder shall deliver to the Company payment in cash, in lawful money of the United States of America, including by certified or official bank check made payable to the order of the Company or by wire transfer of immediately available funds to an account designated by the Company, of an amount equal to the Exercise Price multiplied by the number of shares of Common being purchased pursuant to such exercise of the Warrant within two (2) business days of delivery of the Notice of Exercise. The number of shares of Common Stock to be issued upon each exercise of this Warrant shall be as set forth in the Notice of Exercise delivered to the Company by the Holder; provided that the Notice of Exercise is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Company before 6:00 p.m., New York, New York time on such exercise date.

(b) This Warrant may be exercised for less than the full number of shares of Common Stock calculated above, provided that this Warrant may not be exercised in part for less than a whole number of shares of Common Stock. Upon any such partial exercise, the Company at its expense will forthwith issue to the Holder a new Warrant or Warrants of like tenor exercisable for the number of shares of Common Stock as to which rights have not been exercised (subject to adjustment as herein provided), such Warrant or Warrants to be issued in the name of the Holder or its nominee.

(c) As soon as practicable after the exercise of this Warrant and in any event within ten (10) business days after the Exercise Price is paid as set forth above for an exercise for cash, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder a certificate or certificates for the number of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock to which the Holder shall be entitled upon such exercise, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash in an amount determined in accordance with Section 3(d) hereof. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid.

(d) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights of a stockholder of the Company with respect to shares for which this Warrant shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company.

(e) In the event that the Company proposes to engage in a Change in Control, it shall give the Holder written notice of its intention not less than ten (10) days prior to the date of the proposed closing of such transaction. The notice shall describe the material terms and conditions upon which the Company proposes to consummate such transaction.

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### 3. Adjustments.

(a) Adjustments Generally. In order to prevent dilution of the rights granted hereunder in the specific circumstances contemplated by this Section 3, the Exercise Price shall be subject to adjustment from time to time in accordance with this Section 3. Upon each adjustment of the Exercise Price pursuant to Section 3(b) and 3(c) (but not Section 3(d)), the Holder shall thereafter be entitled to acquire upon exercise, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock determined by (i) multiplying (A) the Exercise Price in effect immediately prior to such adjustment by (B) the number of shares of Common Stock issuable upon exercise hereof immediately prior to such adjustment, and (ii) dividing the product thereof by the Exercise Price resulting from such adjustment; provided that no such adjustments shall be made in the Exercise Price and/or the number of shares of Common Stock subject to this Warrant if the conversion ratio of the Common Stock already reflects such event.

(b) Subdivisions, Stock Dividends and Recapitalizations. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares (including, without limitation, through any stock split effected by means of a dividend on the Common Stock which is payable in Common Stock), the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and, conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, unless the conversion ratio of such Common Stock already reflects such event.

(c) Reorganization, Reclassification, Consolidation, Merger or Sale of Assets. If any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with another corporation, or the sale of a significant amount of assets to another corporation shall be effected in such a way that (i) does not constitute a Change in Control, and (ii) holders of Common Stock shall be entitled to receive stock, securities, cash or other property with respect to or in exchange for Common Stock, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the Holder shall have the right to acquire and receive upon exercise of this Warrant such shares of stock, securities, cash or other property of the successor corporation that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, reclassification, consolidation, merger or sale if this Warrant had been exercised immediately before such reorganization, reclassification, consolidation, merger or sale. The foregoing provisions shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers or sales and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. In all events, appropriate adjustments (as determined by the Board of Directors of the Company) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

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(d) Share Issuance. If, at any time after the date hereof while the Warrant is outstanding, the Company shall make a Dilutive Issuance (as defined below), for a price per share that is less than the Exercise Price that would be in effect at the time of such Dilutive Issuance, then, and thereafter successively upon each such Dilutive Issuance, the Exercise Price shall be reduced to the price per share in the Dilutive Issuance and if more than one Dilutive Issuance occurs while this Warrant is exercisable, the Exercise Price shall be reduced to the price per share in the Dilutive Issuance with the lowest price per share. In such event, the number of shares of Common Stock which may be acquired upon exercise of this Warrant shall not change. The reduction of the Exercise Price described in this paragraph is in addition to the other rights hereunder.

A “Dilutive Issuance” shall mean the issuance by the Company, other than an Excepted Issuance (as defined below) of any Common Stock, security or debt instrument carrying the right to convert such security or debt instrument into Common Stock, or of any warrant, right or option to purchase Common Stock with a purchase price, exercise price or conversion price less than the Exercise Price. A Dilutive Issuance for no consideration will be deemed issuable or to have been issued for \$0.001 per share of Common Stock.

For purposes of this Warrant, “Excepted Issuance” shall mean (i) any issuance or sale by the Company of its securities as full or partial consideration in connection with a strategic merger, acquisition, consolidation or purchase of the securities or assets of a corporation or other entity (or any division or business unit thereof) so long as such issuances are not for the purpose of raising capital, (ii) any issuance of securities in connection with strategic supply, sale or license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital, (iii) any issuance of securities upon the conversion or exercise of options or convertible securities issued on or prior to the date hereof, or (iv) any issuance of shares of Common Stock in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors.

(e) Fractional Shares. The Company shall not issue fractions of shares of Common Stock upon exercise of this Warrant or scrip in lieu thereof. If any fraction of a share of Common Stock would, except for the provisions of this Section 3(e), be issuable upon exercise of this Warrant, then the Company shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest one-hundredth (1/100) of a share, to be computed on the basis of the fair market value per share as determined in good faith by the Board of Directors of the Company.

(e) Certificate as to Adjustments. Whenever the Exercise Price shall be adjusted as provided in Section 3 hereof, the Company shall promptly compute such adjustment and furnish to the Holder a certificate setting forth such adjustment and showing in reasonable detail the facts requiring such adjustment, the Exercise Price that will be effective after such adjustment and the number of shares and the amount, if any, of other property that at the time would be received upon the exercise of this Warrant.

4. Reservation of Stock Issuable on Exercise of Warrants. The Company shall at all times reserve and keep available out of its authorized but unissued stock, solely for the issuance and delivery upon the exercise of this Warrant and other similar Warrants, such number of its duly authorized shares of Common Stock as from time to time shall be issuable upon the exercise of this Warrant and other similar Warrants. All of the shares of Common Stock issuable upon exercise of this Warrant and other similar Warrants, when issued and delivered in accordance with the terms hereof and thereof, will be duly authorized, validly issued, fully paid and non-assessable, subject to no lien or other encumbrance other than restrictions on transfer arising under applicable securities laws and restrictions imposed by Section 6(a) hereof and the Agreements to which reference is made in Section 6(c) hereof.

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5. Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement reasonably satisfactory to the Company (with surety if reasonably required), or (in the case of mutilation) upon surrender and cancellation thereof, the Company will issue, in lieu thereof, a new Warrant of like tenor and amount.

6. Negotiability. This Warrant is issued upon the following terms:

(a) Transfer. By acceptance hereof, the Holder acknowledges and agrees that the Holder is acquiring the Warrant and the shares of Common Stock issuable upon exercise hereof for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Holder has no present intention of selling, granting any participation in, or otherwise distributing the same.

(b) Subject to compliance with clause (c) of this Section 6, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the Company. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 6 shall be paid by the Company.

(c) Agreements. As a condition to the Company's obligation to issue shares of Common Stock upon exercise hereof, the Holder shall execute the Notice of Exercise attached hereto as Annex A.

(d) Transfer Taxes. The Company shall not be required to pay any federal or state transfer tax or charge that may be payable in respect of any transfer involved in the transfer or delivery of this Warrant or the issuance or delivery of certificates for Common Stock in a name other than that of the Holder or to issue or deliver any certificates for Common Stock upon the exercise of this Warrant until any and all such taxes and charges shall have been paid by the Holder or until it has been established to the Company's reasonable satisfaction that no such tax or charge is due.

(e) Compliance with Securities Laws. The Holder, by acceptance hereof, acknowledges that this Warrant, the shares of Common Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant, any shares of Common Stock to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws.

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7. Subdivision of Rights. Subject to Section 6, this Warrant (as well as any new Warrants issued pursuant to the provisions of this Section 7) is exchangeable, upon the surrender hereof by the Holder, at the principal executive office of the Company for any number of new Warrants of like tenor and date representing in the aggregate the right to subscribe for and purchase the number of shares of Common Stock of the Company which may be subscribed for and purchased hereunder.

8. Miscellaneous.

(a) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing by facsimile, e-mail, mail or personal delivery and shall be effective upon delivery of such notice. The addresses for such communications shall be to the addresses as shown on the books of the Company or to the Company at the address set forth in the Purchase Agreement. A party may from time to time change the address to which notices to it are to be delivered or mailed hereunder by notice in accordance with the provisions of this Section 8(a).

(b) Books of the Company. The Company may treat the holder hereof as appearing on the Company's books at any time as the holder for all purposes.

(c) Headings. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

(d) Amendment; Waiver. This Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

(e) Benefits of this Warrant. Nothing in this Warrant shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Warrant.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered by its authorized officer, as of the date first above written.

Geospatial Corporation

By: \_\_\_\_\_

Mark Smith

Chief Executive Officer

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EX-10.27 3 ex10-27.htm SETTLEMENT AGREEMENT, GENERAL RELEASE AND WAIVER OF CLAIMS

[Geospatial Corporation 10-K](#)

Exhibit 10.27

**SETTLEMENT AGREEMENT, GENERAL RELEASE AND WAIVER OF CLAIMS**

This SETTLEMENT AGREEMENT, GENERAL RELEASE AND WAIVER OF CLAIMS (the "Agreement") is entered into this 24<sup>th</sup> day of February, 2016 ("Effective Date"), by and between EDWARD R. CAMP, JR ("Camp"), SELECT ANALYTICS LLC ("Select Analytics"), and GEOSPATIAL CORPORATION ("Geospatial"). Camp, Select Analytics, and Geospatial are referred to collectively herein as the "Parties."

WHEREAS, the Parties entered into an Asset Purchase Agreement dated September 17, 2014 (the "Asset Purchase Agreement") whereby Geospatial was to acquire certain assets of Camp and Select Analytics;

WHEREAS, in conjunction with the Asset Purchase Agreement and Camp executed an Employment and Noncompetition Agreement dated September 17, 2014 (the "Employment Agreement");

WHEREAS, closing on the Asset Purchase Agreement never occurred;

WHEREAS, a dispute has arisen regarding the duties and obligations of the Parties pursuant to the Asset Purchase Agreement and the Employment Agreement;

WHEREAS, the Parties deny liability to any other party;

WHEREAS, the Parties have reached an amicable resolution of the dispute; and

WHEREAS, Geospatial, on one hand, and Camp and Select Analytics, on the other hand, are desirous of committing the terms of the amicable resolution to writing and terminating their association under the terms contained herein.

NOW, THEREFORE, all Parties, having carefully reviewed this matter and this Agreement, and having had sufficient time and opportunity to consult with legal counsel, and desiring to be legally bound hereby, agree as follows:

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1. **PAYMENT:** In consideration of the general release and waiver of claims set forth in Paragraph 3 below and the mutual covenants and consideration hereinafter provided, Geospatial shall (i) make a one-time payment to Camp in the amount of Five Thousand Dollars (\$5,000.00) to be paid on or before February 22, 2016 and (ii) make payments to Camp in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) to be paid by the 15<sup>th</sup> of each month, for ten (10) months commencing on March 15, 2016 through December 15, 2016. Geospatial shall remit the payments directly to Camp. The payments shall have applicable taxes withheld and Geospatial shall issue an IRS Form W-2 to Camp for the payments made herein.

2. **HEALTH INSURANCE:** In consideration of the general release and waiver of claims set forth in Paragraph 3 below and the mutual covenants and consideration hereinafter provided, Geospatial shall continue Camp's current health insurance coverage through December 31, 2016 at Geospatial's sole expense.

3. **GENERAL RELEASE AND WAIVER OF CLAIMS:** Camp and Select Analytics, in consideration of the promises and covenants contained in this Agreement, without limitation the payments made in Paragraph 2 above and the continuation of health insurance coverage as set forth in Paragraph 3 above, the sufficiency of which is acknowledged by Camp and Select Analytics, do hereby forever, fully and unconditionally release, remise, acquit and discharge Geospatial, Geospatial's affiliates and related companies, including but not limited to Geospatial Mapping Systems, Inc., and their directors, officers, employees, contractors, agents, representatives, parents, subsidiaries, predecessors, and successors, both presently known and unknown, from any and all suits, actions, causes of action, demands, judgments, rights, claims, loss, damage, interest, attorney fees, costs and expenses and/or other relief of whatsoever kind or nature which Camp and/or Select Analytics have from the beginning of time to the present (collectively, the "Claims"). Geospatial does hereby forever, fully and unconditionally release, remise, acquit and discharge Camp, Select Analytics and its directors, officers, employees, contractors, agents, representatives, parents, subsidiaries, predecessors, and successors, both presently known and unknown, from all Claims. This General Release and Waiver of Claims shall include, without limitation, any and all Claims relating to or arising from the Asset Purchase Agreement, the Employment Contract, Camp's hiring, employment, association, termination or separation from Geospatial, including without limitation any claims for: (i) breach of contract (whether written or oral, express or implied); (ii) violations of public policy; (iii) negligence; (iv) fraud; (v) intentional or negligent misrepresentation; (vi) wrongful discharge or termination; (vii) estoppel; (viii) impairment of economic opportunity or loss of business opportunity; (ix) interference with contractual relations; (x) intentional infliction of emotional distress; (xi) defamation; (xii) violations of the Employment Retirement Income Security Act of 1974, as amended; (xiii) violations of the Consolidated Omnibus Budget Reconciliation Act; (xiv) employment discrimination, including without limitation, violations of Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Pennsylvania Human Relations Act; (xv) violations of the Family Medical Leave Act; (xvi) retaliation; (xvii) workers' compensation benefits; (xviii) unlawful employment practices and/or policies; (xix) breach of the terms and conditions of employment; (xx) wage, salary and bonuses; (xxi) employee benefits, including without limitation, life insurance, disability insurance, and/or profit-sharing; (xxii) vacation or leave; (xxiii) pension benefits, retirement benefits, and/or profit sharing; (xxiv) reimbursement of expenses and (xxv) violations of any local, state or federal ordinances, statutes or common law.

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4. **NO OTHER ACTIONS:** Camp and Select Analytics represent and warrant that neither they nor anyone acting on their behalf have filed or initiated any complaints, charges, claims or proceedings of any kind against Geospatial and/or its officers and/or directors in any federal, state or local court, administrative agency, or other tribunal or forum, and that they will not hereafter commence, or authorize anyone to commence on their behalf, any action or proceeding against Geospatial and/or its officers and/or directors in any court, administrative agency, or other tribunal or forum concerning any of the Claims, except any action that may be necessary to enforce any of Camp's or Select Analytics' rights under this Agreement. If any agency, court or third party should assert against Geospatial and/or its officers and/or directors, on Camp's and/or Select Analytics' behalf, any Claim released herein, Camp and/or Select Analytics shall take all steps necessary to withdraw or dismiss such Claim. In the event that such Claim is not withdrawn or dismissed, and a settlement or judgment is reached or entered as to such Claim, Camp and/or Select Analytics shall designate Geospatial as the recipient of any monies to which they are entitled by virtue of such settlement or judgment or, if that is not possible, Camp and/or Select Analytics shall pay to Geospatial the amount received from such settlement or judgment within seventy-two (72) hours of receiving such monies.

5. **COOPERATION:** Camp and/or Select Analytics shall, upon request, cooperate with Geospatial in the defense of any Claim currently pending or hereinafter pursued against Geospatial that arises out of or relates to the Asset Purchase Agreement, the Employment Contract, Camp's hiring, employment, association, termination or separation from Geospatial. Camp and/or Select Analytics shall not voluntarily cooperate with or provide assistance to any such claim against Geospatial and/or its officers and/or directors, whether pending or otherwise. In the case of legal proceedings, Camp and/or Select Analytics shall notify Geospatial in writing of any subpoena or other similar notice to give testimony or provide documentation within two (2) business days of receipt, such that Geospatial may have an opportunity to seek and obtain, among other things, an appropriate protective order or seek to intervene in the matter.

6. **NON-DISPARAGEMENT:** Camp and Select Analytics agree to refrain from making any disparaging, negative or uncomplimentary remarks or statements, whether public or private, about Geospatial, its officers, directors and employees. Geospatial agrees to refrain from making any disparaging, negative or uncomplimentary remarks or statements, whether public or private, about Camp and Select Analytics.

7. **ENTIRE AGREEMENT:** The Parties understand and agree that the terms contained in this Agreement is the entire understanding among the Parties relative to its subject matter, and there are no written or oral understanding, promises, agreements, statements or representations among the Parties directly or indirectly related to this Agreement that are not incorporated herein.

8. **CONFIDENTIALITY:** The Parties agree that the fact of this Agreement and its terms and conditions, including the consideration provided in Paragraph 1 and Paragraph 2 above, shall be strictly confidential and shall not be disclosed to any person, natural or otherwise, other than: (i) the Parties; (ii) the Parties' attorneys, accountants and insurers; (iii) Geospatial's senior management; (iv) Camp's spouse; and (iv) as required by subpoena or other legal proceedings, government regulation, or generally-accepted accounting principles. The Parties shall be liable for any subsequent disclosure by any person whom they disclose the facts or terms of this Agreement, as permitted herein. Notwithstanding the foregoing, Camp may disclose to potential employers, investors, business partners and business counter-parties that Camp was a party to an Employment Agreement and Asset Purchase Agreement with Geospatial that commenced September 17,

9. ASSET PURCHASE AGREEMENT AND EMPLOYMENT CONTRACT: The Parties understand and agree that this Agreement shall replace and supersede the Asset Purchase Agreement and the Employment Contract. The Parties are released from any and all obligations, commitments, covenants, and restrictions pursuant to the Asset Purchase Agreement and the Employment Agreement.

10. CUSTOMER LISTS: Geospatial has or, upon execution of the Agreement, will destroy any and all customer lists provided by Camp and/or Select Analytics, and any copies and/or reproductions thereof.

11. REAPPLICATION FOR EMPLOYMENT: Camp agrees that he will not reapply for employment with Geospatial, or any current or future affiliate, parent or subsidiary, in any capacity. Camp further agrees that if he reapplies for employment with Geospatial, Geospatial is permitted to deny the application, and such denial shall not constitute retaliation under any federal, state or local law. Geospatial shall respond to requests for a reference for Camp by disclosing only that Camp was a party to an Employment Agreement and Asset Purchase Agreement with Geospatial that commenced on September 17, 2014, and terminated amicably on the Effective Date. Geospatial may not make any other comments or disclose that the within Agreement was entered into, or disclose the terms and conditions of the within Agreement. Geospatial's refusal to provide information beyond the within shall not subject Geospatial to liability, including without limitation liability for defamation and/or retaliation under any federal, state or local law. Camp further agrees that the refusal to provide information beyond the within in response to a request for a reference shall not violate Paragraph 6 of this Agreement.

12. FEES, COSTS AND EXPENSES: It is understood and agreed by the Parties hereto that each shall bear their own attorney fees, costs and expenses which arose from the litigation of the Lawsuit.

13. CHOICE OF LAW AND FORUM: This Agreement, and the terms and conditions contained herein, shall be governed by the internal laws of the Commonwealth of Pennsylvania without regard to its rules regarding choice of law. Any lawsuit to enforce the terms of this Agreement shall be brought exclusively in the state or federal court whose jurisdiction includes Butler County, Pennsylvania.

14. COUNTERPARTS: This Agreement may be executed in any number of counterparts each of which, when so executed, shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

15. INTERPRETATION: The Parties have had the opportunity to revise, comment upon and redraft this Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Agreement shall be construed as if the Parties jointly prepared this Agreement and any uncertainty or ambiguity shall not be interpreted against any party and in favor of another party.

16. PRESERVATION OF CLAIMS AND DEFENSES: The Parties acknowledge and agree that if the payments set forth in Paragraph 1 above are not made by Geospatial, this Agreement shall become null and void and the Parties may assert any and all claims and/or defenses, including but not limited to those relating to or arising from the Asset Purchase Agreement and the Employment Contract, as if this Agreement had never been executed. However, the Parties acknowledge and agree that Geospatial may claim as set-off any payments made pursuant to this Agreement.

17. SPECIAL PROVISIONS: Camp acknowledges that he has been hereby advised in writing to consult with an attorney and has had the opportunity to take at least twenty-one (21) days in which to review and consider this Agreement and to consult with legal counsel with respect thereto. Camp acknowledges **READING AND FULLY UNDERSTANDING THE TERMS OF THIS DOCUMENT**, and has entered into this Agreement voluntarily and of his own free will. Camp acknowledges his right to revoke this Agreement within seven (7) days following the execution of this Agreement by giving written notice thereof to counsel for Geospatial. In the event of such revocation, this Agreement shall become null and void and no party hereto shall have any rights or obligations hereunder.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned hereunto set their hands and seals hereto:

DATE:

2/18/2016

/s/ Edward R. Camp, Jr.  
Edward R. Camp, Jr.

SELECT ANALYTICS LLC

2/18/2016

/s/ Edward R. Camp, Jr. (Owner)  
Edward R. Camp, Jr., [TITLE]

GEOSPATIAL CORPORATION

2/24/2016

/s/ Mark Smith  
Mark Smith, Chief Executive Officer

## STOCK APPRECIATION RIGHTS AGREEMENT

This Stock Appreciation Rights Agreement (this "Agreement") is made and entered into as of October 23, 2015 by and between GEOSPATIAL CORPORATION, a Nevada corporation (the "Company") and Troy G. Taggart (the "Participant").

Grant Date:	_____	October 23, 2015	_____
Number of SARs:	_____	100,000	_____
Exercise Price per SAR:	_____	\$0.15	_____
Expiration Date:	_____	October 23, 2025	_____

1. Grant of SARs.

1.1 Grant. The Company hereby grants to the Participant an aggregate of 100,000 stock appreciation rights (the "SARs"). Each SAR entitles the Grantee to receive, upon exercise, an amount equal to the excess of (a) the Fair Market Value of a share of Common Stock on the date of exercise, over (b) the Exercise Price (the "Appreciation Value"). The SARs are being granted pursuant to the terms of the Company's 2013 Equity Incentive Plan (the "Plan").

1.2 Consideration; Subject to Plan. The grant of the SARs is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions of the Plan. Capitalized terms used but not defined herein will have the meaning ascribed to them in the Plan.

2. Vesting.

2.1 Vesting Schedule. The SARs will vest and become exercisable in two equal installments on the Grant Date and the first anniversary of the Grant Date. Except as otherwise provided in this Agreement, the unvested SARs will not be exercisable on or after the Participant's termination of Continuous Service.

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2.2 Expiration. The SARs will expire on the Expiration Date set forth above, or earlier as provided in this Agreement or the Plan.

3. Termination of Continuous Service.

3.1 Termination for Reasons Other Than Cause, Death, Disability. If the Participant's Continuous Service is terminated for any reason other than Cause, death or Disability, the Participant may exercise the vested SARs, but only within such period of time ending on the earlier of (a) the date three months following the termination of the Participant's Continuous Service or (b) the Expiration Date.

3.2 Termination for Cause. If the Participant's Continuous Service is terminated for Cause, the SARs (whether vested or unvested) shall immediately terminate and cease to be exercisable.

3.3 Termination Due to Disability. If the Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise the vested SARs, but only within such period of time ending on the earlier of (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

3.4 Termination Due to Death. If the Participant's Continuous Service terminates as a result of the Participant's death, the vested SARs may be exercised by the Participant's estate, by a person who acquired the right to exercise the SARs by bequest or inheritance or by the person designated to exercise the SARs upon the Participant's death, but only within the time period ending on the earlier of (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

4. Manner of Exercise.

4.1 When to Exercise. Except as otherwise provided in the Plan or this Agreement, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) may exercise his or her vested SARs, in whole or in part, at any time after vesting and until the Expiration Date or earlier termination pursuant to Section 3 hereof, by following the procedures set forth in this Section 4. If partially exercised, the Participant may exercise the remaining unexercised portion of the SARs at any time after vesting and until the Expiration Date or earlier termination pursuant to Section 3 hereof. No SARs shall be exercisable after the Expiration Date.

4.2 Election to Exercise. To exercise the SARs, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company a written notice (or notice through another previously approved method, which could include a web-based or e-mail system) to the Chief Financial Officer of the Company which sets forth the number of SARs being exercised, together with any additional documents as the Company may require. Each such notice must satisfy whatever then-current procedures apply to the SARs and must contain such representations as the Company requires.

4.3 Documentation of Right to Exercise. If someone other than the Participant exercises the SARs, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the SARs.

4.4 Date of Exercise. The SARs shall be deemed to be exercised on the business day that the Company receives a fully executed exercise notice. If the notice is received after business hours on such date, then the SAR shall be deemed to be exercised on the business date immediately following the business date such notice is received by the Company.

5. Withholding. Prior to the payment of the Appreciation Value in connection with the exercise of the SARs, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state and local withholding obligations of the Company. If approved by the Committee in its discretion, the minimum required withholding obligations may be settled by the delivery to the Company of previously owned and unencumbered shares of Common Stock.

6. Form of Payment. Upon the exercise of all or a portion of the SARs, the Participant shall be entitled to a payment in cash or stock (solely at the discretion of the Committee) equal to the Appreciation Value of the SARs being exercised, less any amounts withheld pursuant to Section 5.

7. Section 409A; No Deferral of Compensation. Neither the Plan nor this Agreement is intended to provide for the deferral of compensation within the meaning of Section 409A of the Internal Revenue Code (the “Code”). The Company reserves the right to unilaterally amend or modify the Plan or this Agreement, to the extent the Company considers it necessary or advisable, in its sole discretion, to comply with, or to ensure that the SARs granted hereunder are not subject to, Section 409A of the Code.

8. No Right to Continued Employment. Neither the Plan nor this Agreement shall confer upon the Participant any right to be retained in any position, as an Employee, Consultant or Director of the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Participant’s Continuous Service at any time, with or without Cause.

9. Transferability. The SARs are not transferable by the Participant other than to a designated beneficiary upon the Participant’s death or by will or the laws of descent and distribution, and are exercisable during the Participant’s lifetime only by him or her. No assignment or transfer of the SARs, or the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except to a designated beneficiary upon death by will or the laws of descent or distribution) will vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the SARs will terminate and become of no further effect.

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10. Change in Control.

10.1 Effect on SARs. In the event of a Change in Control, notwithstanding any provision of the Plan or this Agreement to the contrary, the SARs shall become immediately vested and exercisable.

10.2 Cash-out. In the event of a Change in Control, the Committee may, in its discretion and upon at least ten (10) days’ advance notice to the Participant, cancel the SARs and pay to the Participant the Appreciation Value of the SARs based upon the price per share of Common Stock received or to be received by other shareholders of the Company in the event. Notwithstanding the foregoing, if at the time of a Change in Control the Exercise Price of the SAR equals or exceeds the price paid for a share of Common Stock in connection with the Change in Control, the Committee may cancel the SAR without the payment of consideration therefor.

11. Adjustments. The SARs may be adjusted or terminated in any manner as contemplated by Section 11 of the Plan.

12. Tax Liability and Withholding. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“Tax-Related Items”), the ultimate liability for all Tax-Related Items is and remains the Participant’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or exercise of the SARs and (b) does not commit to structure the SARs to reduce or eliminate the Participant’s liability for Tax-Related Items.

13. Non-competition and Non-solicitation.

13.1 In consideration of the SARs, the Participant agrees and covenants not to:

(a) contribute his or her knowledge, directly or indirectly, in whole or in part, as an employee, officer, owner, manager, advisor, consultant, agent, partner, director, shareholder, volunteer, intern or in any other similar capacity to an entity engaged in the same or similar business as the Company and its Affiliates, including those engaged in the business of Infrastructure Mapping or Software Development for a period of 36 months following the Participant’s termination of Continuous Service;

(b) directly or indirectly, solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company or its Affiliates for 36 months following the Participant’s termination of Continuous Service; or

(c) directly or indirectly, solicit, contact (including, but not limited to, e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact or meet with the current, former, or prospective customers of the Company or any of its Affiliates for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company or any of its Affiliates for a period of 36 months following the Participant’s termination of Continuous Service.

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13.2 In the event of a breach or threatened breach of any of the covenants contained in Section 13.1:

(a) any unvested SARs shall be forfeited effective as of the date of such breach, unless sooner terminated by operation of another term or condition of this Agreement or the Plan; and

(b) the Participant hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

14. Compliance with Law. The exercise of the SARs shall be subject to compliance by the Company and the Participant with all Applicable Laws, including the requirements of any stock exchange on which the Company’s shares of Common Stock may be listed. The Participant may not exercise the SARs if such exercise would violate any applicable Federal or state securities laws or other laws or regulations. The Participant understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

15. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Chief Financial Officer of the Company at the Company’s principal corporate offices. Any notice required to be delivered to the Participant under this Agreement shall be in writing and addressed to the Participant at the Participant’s address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

16. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Nevada without regard to conflict of law principles.

17. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.

18. SARs Subject to Plan. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

19. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the SARs may be transferred by will or the laws of descent or distribution.

20. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

21. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the SARs in this Agreement does not create any contractual right or other right to receive any SARs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company.

22. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the SAR, prospectively or retroactively; *provided, that*, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

23. No Impact on Other Benefits. The value of the Participant's SARs is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

25. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the SARs subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon exercise of the SARs and that the Participant should consult a tax advisor prior to such exercise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GEOSPATIAL CORPORATION

By: /s/ Mark A. Smith  
Name: Mark A. Smith  
Title: CEO

Troy G. Taggart

By: /s/ Troy G. Taggart  
Name: Troy G. Taggart

EX-10.29 5 ex10-29.htm STOCK APPRECIATION RIGHTS AGREEMENT

[Geospatial Corporation 10-K](#)

**Exhibit 10.29**

GEOSPATIAL CORPORATION

STOCK APPRECIATION RIGHTS AGREEMENT

This Stock Appreciation Rights Agreement (this "Agreement") is made and entered into as of October 23, 2015 by and between GEOSPATIAL CORPORATION, a Nevada corporation (the "Company") and Thomas R. Oxenreiter (the "Participant").

Grant Date:	_____	October 23, 2015	_____
Number of SARs:	_____	100,000	_____
Exercise Price per SAR:	_____	\$0.15	_____
Expiration Date:	_____	October 23, 2025	_____

1. Grant of SARs.

1.1 Grant. The Company hereby grants to the Participant an aggregate of 100,000 stock appreciation rights (the "SARs"). Each SAR entitles the Grantee to receive, upon exercise, an amount equal to the excess of (a) the Fair Market Value of a share of Common Stock on the date of exercise, over (b) the Exercise Price (the "Appreciation Value"). The SARs are being granted pursuant to the terms of the Company's 2013 Equity Incentive Plan (the "Plan").

1.2 Consideration; Subject to Plan. The grant of the SARs is made in consideration of the services to be rendered by the Participant to the Company and is subject to the terms and conditions of the Plan. Capitalized terms used but not defined herein will have the meaning ascribed to them in the Plan.

2. Vesting.

2.1 Vesting Schedule. The SARs will vest and become exercisable in two equal installments on the Grant Date and the first anniversary of the Grant Date. Except as otherwise provided in this Agreement, the unvested SARs will not be exercisable on or after the Participant's termination of Continuous Service.

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2.2 Expiration. The SARs will expire on the Expiration Date set forth above, or earlier as provided in this Agreement or the Plan.

3. Termination of Continuous Service.

3.1 Termination for Reasons Other Than Cause, Death, Disability. If the Participant's Continuous Service is terminated for any reason other than Cause, death or Disability, the Participant may exercise the vested SARs, but only within such period of time ending on the earlier of (a) the date three months following the termination of the Participant's Continuous Service or (b) the Expiration Date.

3.2 Termination for Cause. If the Participant's Continuous Service is terminated for Cause, the SARs (whether vested or unvested) shall immediately terminate and cease to be exercisable.

3.3 Termination Due to Disability. If the Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise the vested SARs, but only within such period of time ending on the earlier of (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

3.4 Termination Due to Death. If the Participant's Continuous Service terminates as a result of the Participant's death, the vested SARs may be exercised by the Participant's estate, by a person who acquired the right to exercise the SARs by bequest or inheritance or by the person designated to exercise the SARs upon the Participant's death, but only within the time period ending on the earlier of (a) the date 12 months following the Participant's termination of Continuous Service or (b) the Expiration Date.

4. Manner of Exercise.

4.1 When to Exercise. Except as otherwise provided in the Plan or this Agreement, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) may exercise his or her vested SARs, in whole or in part, at any time after vesting and until the Expiration Date or earlier termination pursuant to Section 3 hereof, by following the procedures set forth in this Section 4. If partially exercised, the Participant may exercise the remaining unexercised portion of the SARs at any time after vesting and until the Expiration Date or earlier termination pursuant to Section 3 hereof. No SARs shall be exercisable after the Expiration Date.

4.2 Election to Exercise. To exercise the SARs, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company a written notice (or notice through another previously approved method, which could include a web-based or e-mail system) to the Chief Financial Officer of the Company which sets forth the number of SARs being exercised, together with any additional documents as the Company may require. Each such notice must satisfy whatever then-current procedures apply to the SARs and must contain such representations as the Company requires.

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4.3 Documentation of Right to Exercise. If someone other than the Participant exercises the SARs, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the SARs.

4.4 Date of Exercise. The SARs shall be deemed to be exercised on the business day that the Company receives a fully executed exercise notice. If the notice is received after business hours on such date, then the SAR shall be deemed to be exercised on the business date immediately following the business date such notice is received by the Company.

5. Withholding. Prior to the payment of the Appreciation Value in connection with the exercise of the SARs, the Participant must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state and local withholding obligations of the Company. If approved by the Committee in its discretion, the minimum required withholding obligations may be settled by the delivery to the Company of previously owned and unencumbered shares of Common Stock.

6. Form of Payment. Upon the exercise of all or a portion of the SARs, the Participant shall be entitled to a cash payment equal to the Appreciation Value of the SARs being exercised, less any amounts withheld pursuant to Section 5.

7. Section 409A: No Deferral of Compensation. Neither the Plan nor this Agreement is intended to provide for the deferral of compensation within the meaning of Section 409A of the Internal Revenue Code (the "Code"). The Company reserves the right to unilaterally amend or modify the Plan or this Agreement, to the extent the Company considers it necessary or advisable, in its sole discretion, to comply with, or to ensure that the SARs granted hereunder are not subject to, Section 409A of the Code.

8. No Right to Continued Employment. Neither the Plan nor this Agreement shall confer upon the Participant any right to be retained in any position, as an Employee, Consultant or Director of the Company. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the Participant's Continuous Service at any time, with or without Cause.

9. Transferability. The SARs are not transferable by the Participant other than to a designated beneficiary upon the Participant's death or by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by him or her. No assignment or transfer of the SARs, or the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise (except to a designated beneficiary upon death by will or the laws of descent or distribution) will vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the SARs will terminate and become of no further effect.

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10. Change in Control.

10.1 Effect on SARs. In the event of a Change in Control, notwithstanding any provision of the Plan or this Agreement to the contrary, the SARs shall become immediately vested and exercisable.

10.2 Cash-out. In the event of a Change in Control, the Committee may, in its discretion and upon at least ten (10) days' advance notice to the Participant, cancel the SARs and pay to the Participant the Appreciation Value of the SARs based upon the price per share of Common Stock received or to be received by other shareholders of the Company in the event. Notwithstanding the foregoing, if at the time of a Change in Control the Exercise Price of the SAR equals or exceeds the price paid for a share of Common Stock in connection with the Change in Control, the Committee may cancel the SAR without the payment of consideration therefor.

11. Adjustments. The SARs may be adjusted or terminated in any manner as contemplated by Section 11 of the Plan.

12. Tax Liability and Withholding. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or exercise of the SARs and (b) does not commit to structure the SARs to reduce or eliminate the Participant's liability for Tax-Related Items.

13. Non-competition and Non-solicitation.

13.1 In consideration of the SARs, the Participant agrees and covenants not to:

(a) contribute his or her knowledge, directly or indirectly, in whole or in part, as an employee, officer, owner, manager, advisor, consultant, agent, partner, director, shareholder, volunteer, intern or in any other similar capacity to an entity engaged in the same or similar business as the Company and its Affiliates, including those engaged in the business of Infrastructure Mapping or Software Development for a period of 36 months following the Participant's termination of Continuous Service;

(b) directly or indirectly, solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company or its Affiliates for 36 months following the Participant's termination of Continuous Service; or

(c) directly or indirectly, solicit, contact (including, but not limited to, e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact or meet with the current, former, or prospective customers of the Company or any of its Affiliates for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company or any of its Affiliates for a period of 36 months following the Participant's termination of Continuous Service.

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13.2 In the event of a breach or threatened breach of any of the covenants contained in Section 13.1:

(a) any unvested SARs shall be forfeited effective as of the date of such breach, unless sooner terminated by operation of another term or condition of this Agreement or the Plan; and

(b) the Participant hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

14. Compliance with Law. The exercise of the SARs shall be subject to compliance by the Company and the Participant with all Applicable Laws, including the requirements of any stock exchange on which the Company's shares of Common Stock may be listed. The Participant may not exercise the SARs if such exercise would violate any applicable Federal or state securities laws or other laws or regulations. The Participant understands that the Company is under no obligation to register the shares of Common Stock with the Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

15. Notices. Any notice required to be delivered to the Company under this Agreement shall be in writing and addressed to the Chief Financial Officer of the Company at the Company's principal corporate offices. Any notice required to be delivered to the Participant under this Agreement shall be in writing and addressed to the Participant at the Participant's address as shown in the records of the Company. Either party may designate another address in writing (or by such other method approved by the Company) from time to time.

16. Governing Law. This Agreement will be construed and interpreted in accordance with the laws of the State of Nevada without regard to conflict of law principles.

17. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Participant and the Company.

18. SARs Subject to Plan. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

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19. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the SARs may be transferred by will or the laws of descent or distribution.

20. Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

21. Discretionary Nature of Plan. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the SARs in this Agreement does not create any contractual right or other right to receive any SARs or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's employment with the Company.

22. Amendment. The Committee has the right to amend, alter, suspend, discontinue or cancel the SAR, prospectively or retroactively; *provided, that,*

no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

23. No Impact on Other Benefits. The value of the Participant's SARs is not part of his or her normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

25. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof, and accepts the SARs subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon exercise of the SARs and that the Participant should consult a tax advisor prior to such exercise.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GEOSPATIAL CORPORATION

By: /s/ Mark A. Smith  
Name: Mark A. Smith  
Title: CEO

Thomas R. Oxenreiter

By: /s/ Thomas R. Oxenreiter  
Name: Thomas R. Oxenreiter

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EX-10.30 6 ex10-30.htm CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT

[Geospatial Corporation 10-K](#)

**Exhibit 10.30**

**CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT**

THIS CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT ("Agreement") is dated as of September 30, 2015, by and among (i) Geospatial Corporation, a Nevada corporation (the "Company"), and (ii) the persons and entities whose names are set forth on the Schedule of Purchasers attached hereto as Schedule A (such persons and entities are hereinafter collectively referred to herein as "Purchasers" and each individually as a "Purchaser").

**RECITALS:**

WHEREAS, the Company desires to issue and sell to the Purchasers Unsecured Convertible Promissory Notes in the form attached hereto as Exhibit A (the "Notes") and Warrants in the form attached hereto as Exhibit B (the "Warrants"), in the individual amounts set forth opposite each such Purchaser's name on Schedule A; and

WHEREAS, the Company desires to sell, and the Purchasers desire to purchase, the Notes and Warrants on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the respective representations and warranties, covenants and agreements contained herein, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Sale and Purchase. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each Purchaser, severally and not jointly, and each Purchaser agrees to purchase from the Company, severally and not jointly, the Note and Warrant in the amounts set forth opposite such Purchaser's name on Schedule A. The purchase price of each Note and Warrant shall be the principal amount of the Note set forth opposite each Purchaser's name on Schedule A.

2. Closings.

(a) The purchase and sale of the Notes and Warrants shall take place pursuant to one or more closings (each, a "Closing").

(b) Each Closing shall be held at the offices of the Company. At each Closing the Company shall issue and deliver to each Purchaser a Note in the aggregate principal amount of the Note to be purchased by such Purchaser as set forth on Schedule A, together with a Warrant exercisable for a number of shares of the Company's common stock, par value \$ .001 per share ("Common Stock") calculated as set forth therein, against payment of the purchase price therefor by check or wire transfer of immediately available funds to an account designated in writing by the Company.

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(c) The parties agree that the delivery of this Agreement and any other documents at a Closing may be effected by means of an exchange of facsimile or scanned and emailed signatures with original copies to follow by mail or courier service. Any person or entity that purchases a Note and a Warrant shall become a party to this Agreement by executing and delivering to the Company a counterpart signature page hereto. The Company shall amend Schedule A to reflect any such purchase following the initial Closing.

(a) Organization and Standing. The Company is a corporation duly organized and validly existing under the laws of the State of Nevada. The Company has all requisite corporate power and authority to own and operate its properties and assets, and to execute and deliver this Agreement, the Notes and the Warrants. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

(b) Authorization; Binding Obligation. All corporate action on the part of the Company necessary for the authorization of this Agreement, the Notes and the Warrants, and the performance of all obligations of the Company hereunder and thereunder has been taken. This Agreement constitutes, and the Notes and Warrants, when executed and delivered at the Closing, will constitute, valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

Capitalization. Immediately prior to giving effect to the transactions contemplated by this Agreement, we had approximately 137,806,264 shares of common stock outstanding. Approximately 16,035,619 of such shares are currently unrestricted and freely tradable on the OTC Pink Marketplace where the Company's common stock trades. In addition, we have filed a registration statement with the SEC to register 104,608,484 shares of our common stock held by certain of our shareholders. Upon the effectiveness of such registration statement those shares will become freely tradable. Of our remaining outstanding shares, as of the date of this Memorandum, some of such shares may become eligible for resale in the future under Rule 144 under the Securities Act.

Proceeds. The Company shall use the proceeds from the issuance and sale of the Notes and Warrants for working capital and other general corporate purposes.

4. Representations and Warranties of each Purchaser. Each Purchaser, severally and not jointly, represents and warrants to the Company as of the Closing of the purchase of such Purchaser's Note and Warrant that:

(a) Requisite Power and Authority. All action on the part of Purchaser necessary for the authorization of this Agreement and the performance of all obligations of Purchaser hereunder has been taken. This Agreement constitutes the valid and binding obligation of Purchaser enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

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(b) Investment Representations. Purchaser understands that the Note and the Warrant issued to such Purchaser hereunder, and the shares of Common Stock issuable upon conversion of the Note and upon exercise of the Warrant (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). Purchaser also understands that the Note and the Warrant are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

(c) Experience; Risk. Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the purchase of the Note, the Warrant and the Shares and of protecting Purchaser's interests in connection therewith. Purchaser is able to fend for itself in the transactions contemplated by this Agreement and has the ability to bear the economic risk of the investment, including complete loss of the investment.

(d) Investment. Purchaser is acquiring the Note, the Warrant and the Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser understands that the Note, the Warrant and the Shares have not been registered under the Securities Act and applicable state securities laws (collectively, the "Acts") by reason of a specific exemption from the registration provisions of the Acts which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Purchaser's representations as expressed herein.

(e) Information. Purchaser has been furnished with all information which it deems necessary to evaluate the merits and risks of purchasing the Note and the Warrant and has had the opportunity to ask questions concerning the Note, the Warrant and the Company and all questions posed have been answered to its satisfaction. Purchaser has been given the opportunity to obtain any additional information it deems necessary to verify the accuracy of any information obtained concerning the Note, the Warrant and the Company. Purchaser understands that an investment in the Note involves significant risks.

(f) Restricted Securities. Purchaser understands that the Note, the Warrant and the Shares will be "restricted securities" under applicable securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations the Note, the Warrant and the Shares may be resold without registration under the Acts only in certain limited circumstances. Purchaser acknowledges that the Note, the Warrant and the Shares must be held indefinitely unless subsequently registered under the Acts or an exemption from such registration is available.

(g) No Public Market. Purchaser understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for such securities.

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(h) Accredited Investor. Purchaser is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act. Purchaser has considered the federal and state income tax implications of an investment in the Securities and has consulted with his or its own advisors with respect thereto.

(i) Residence. If Purchaser is an individual, then Purchaser resides in the state or province identified in the address of Purchaser set forth on Schedule A; if Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of Purchaser in which its investment decision was made is located at the address of Purchaser set forth on the signature page of such Purchaser hereto.

(j) Legends. Purchaser understands and agrees that the Note will bear a legend as set forth on Exhibit A and, the Warrant will bear a legend as set forth on Exhibit B. In addition, the Note, the Warrant and any certificate or other instrument representing the Shares will bear any other legend that may be required by applicable law, by the Company's Articles of Incorporation or Bylaws, or by any agreement between the Company and Purchaser.

5. Closing Conditions.

(a) Conditions to Purchasers' Obligations at the Closing. Each Purchaser's obligation to purchase a Note and Warrant at any Closing is subject to the satisfaction, or waiver by such Purchaser, at or prior to such Closing of the following conditions:

(i) Representations and Warranties True; Performance of Obligations. The representations and warranties made by the Company in

Section 3 hereof shall be true and correct in all material respects as of such Closing with the same force and effect as if they had been made as of such Closing, and the Company shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to such Closing.

(ii) Legal Investment. On the Closing Date, the sale and issuance of the Note and the Warrant shall be legally permitted by all laws and regulations to which Purchasers and the Company are subject.

(iii) Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by the Agreement (except for such as may be properly obtained subsequent to the Closing).

(b) Conditions to Company's Obligations at the Closing. The Company's obligation to sell the Notes and Warrants at any Closing is subject to the satisfaction, or waiver by the Company, at or prior to such Closing of the following conditions:

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(i) Representations and Warranties True; Performance of Obligations. The representations and warranties made by the Purchaser(s) in Section 4 hereof shall be true and correct in all material respects as of the Closing, and the Purchasers shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Closing.

(ii) Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by the Agreement (except for such as may be properly obtained subsequent to the Closing).

6. Post-Closing Covenants. The Company agrees to take any and all action as is necessary or desirable to authorize, reserve and issue any shares of the Company's capital stock issuable upon conversion of the Notes and exercise of the Warrants.

7. Notes Pari Passu. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on all outstanding Notes on the basis of the then outstanding principal amount of the Notes, together with any and all interest accrued but unpaid thereon.

8. Miscellaneous.

(a) Governing Law. This Agreement and the Notes shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply.

(b) Jurisdiction. Each Purchaser consents to the exclusive jurisdiction of any state or federal court of competent jurisdiction located within Butler County in the Commonwealth of Pennsylvania and irrevocably agrees that all actions or proceedings relating to this Agreement may be litigated in such courts. Each Purchaser accepts for itself and in connection with its respective properties, generally and unconditionally, the jurisdiction of the aforesaid courts and waives any defense of forum non conveniens, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement and the Notes.

(c) Successors and Assigns. This Agreement may not be assigned, conveyed or transferred without the prior written consent of the Company. Subject to the foregoing, the rights and obligations of the Company and each Purchaser under this Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees. The terms and provisions of this Agreement are for the sole benefit of the parties hereto and thereto and their respective permitted successors and assigns, and are not intended to confer any third-party benefit on any other person.

(d) Entire Agreement. This Agreement, the exhibits and schedules hereto and the Notes and the Warrants delivered pursuant to the terms hereof constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein. Any previous agreement among the parties relative to the specific subject matter hereof is superseded by this Agreement.

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(e) Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(f) Amendment or Waiver. This Agreement, the Notes and the Warrants may be amended, and any term or provision of this Agreement, the Notes and the Warrants may be waived, (either generally or in a particular instance and either retroactively or prospectively) upon the written consent of the Company and the holders of a majority in principal amount of the Notes; provided that the terms and provisions of a Note or a Warrant may not be amended or waived in a manner substantially different from the terms and conditions of the Notes held by converting majority in interest without the written consent of the holder of such Note or such Warrant. Any amendment of this Agreement, or waiver of any term or provision of this Agreement, the Notes or the Warrants effected in accordance with this Agreement, the Notes or Warrants shall be binding upon each Purchaser under this Agreement. Notwithstanding the foregoing, this Agreement may be amended with only the written consent of the Company to include additional purchasers of Notes and Warrants as "Purchasers" and parties hereto.

(g) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, including, with respect to any Purchaser, upon delivery by electronic mail to such Purchaser's or such Purchaser's representative's e-mail address; (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) the next business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and to each Purchaser at the address or facsimile number set forth on such party's signature page hereof or at such other address as the Company or such Purchaser may designate by 10 days' advance written notice to the other parties hereto.

(h) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of the Agreement.

(i) Titles and Subtitles. The titles of the sections and subsections of the Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Convertible Note and Warrant Purchase Agreement as of the date set forth in the first paragraph hereof.

COMPANY:

GEOSPATIAL CORPORATION

By: /s/ Mark Smith  
 Mark Smith  
 Chief Executive Officer

Address:

229 Howes Run Road  
 Sarver, PA 16055

PURCHASER'S COUNTERPART SIGNATURE PAGE

CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT

Individual Investor	Entity Investor
Name: Thomas R. Oxenreiter	Name: _____
Signature: <u>/s/ Thomas R. Oxenreiter</u>	By: _____
	Name: _____
	Title: _____
Date: September 30, 2015	Date: _____
Address: 118 Highland Drive McMurray, PA 15317	Address: _____
Telephone: (412) 206-9362	Telephone: _____
Cell: _____	Cell: _____
Facsimile: _____	Facsimile: _____
E-mail: oxenreiter@gmail.com	E-mail: _____
Principal Amount of Note Purchased: \$6,891.48	Principal Amount of Note Purchased: _____

SCHEDULE A

SCHEDULE OF PURCHASERS

Name	Principal Amount of Note	Warrant	Purchase Price
Thomas R. Oxenreiter	\$ 6,891.48	6,891	\$ 0.20

EXHIBIT A

FORM OF NOTE

NEITHER THIS NOTE NOR ANY SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO THAT CERTAIN CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT, DATED AS OF JULY 13, 2015, BY AND AMONG THE COMPANY AND THE PURCHASERS NAMED THEREIN.

For value received, Geospatial Corporation, a Nevada corporation (together with its successors and assigns, the “Company”), promises to pay to Thomas R. Oxenreiter (the “Holder”), unless this Note is earlier converted pursuant to Section 3, the principal sum of SIX THOUSAND, EIGHT HUNDRED NINETY-ONE DOLLARS AND FORTY-EIGHT CENTS (6,891.48), together with any and all interest accrued but unpaid thereon. This Note is one of a series of notes (collectively, “Notes”) issued pursuant to that certain Convertible Note and Warrant Purchase Agreement dated as of September 30, 2015, by and among the Company and the Purchasers listed in Schedule A thereto (the “Note and Warrant Purchase Agreement”). This Note is subject to the terms of the Note and Warrant Purchase Agreement and the following additional terms and conditions.

1. Definitions. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Note and Warrant Purchase Agreement.

2. Payment Terms.

2.1 Maturity Date. Unless earlier converted as provided in Section 3, this Note will automatically mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) December 30, 2015; (the “Maturity Date”), or (b) the occurrence of an Event of Default (as defined in Section 5).

2.2 Interest. Interest shall accrue on the unpaid principal amount of this Note at a rate per annum of 10%, and shall be payable as set forth in Section 2.1.

2.3 Prepayment. The Company shall have the right to redeem and prepay this Note, at any time. Upon such redemption and prepayment, the Company shall pay the unpaid principal of, and all accrued and unpaid interest under, this Note.

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3. Conversion.

3.1 Optional Conversion. The Holder shall have the right, at any time prior to the Maturity Date, to convert the unpaid principal and accrued interest, if any, of this Note, in whole or in part, into shares of common stock, par value \$ .001 per share, of the Company (“Common Stock”) at a price per share (the “Conversion Price”) of \$0.20.

3.2 Mechanics and Effect of Conversion.

(a) No fractional shares will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the unconverted balance that would otherwise be converted into such fractional share.

(b) In the event that this Note is converted pursuant to Section 3.1 the Holder shall surrender this Note, duly endorsed, to the Company at the closing of the purchase and sale of the Company’s equity securities and the Note shall thereupon be canceled

3.3 Termination of Rights. Upon conversion of this Note in accordance with Section 3.1, all rights with respect to the converted portion of this Note shall terminate, whether or not the Note has been surrendered for cancellation, and the Company will be forever released from all of its obligations and liabilities under the converted portion of this Note except its obligations pursuant to Section 3.2.

4. Payment. Except as set forth herein, all payments shall be made in lawful money of the United States of America at the principal offices of the Company. Payment shall be credited first to any accrued interest then due and payable and the remainder applied to principal.

5. Events of Default. The entire unpaid principal sum of this Note, together with any and all interest accrued but unpaid thereon, shall become immediately due and payable upon the occurrence of an Event of Default. Subject to the foregoing, an Event of Default shall be deemed to have occurred upon the occurrence of any of the following:

(a) the nonpayment of any principal, interest or other indebtedness under this Note within ten (10) calendar days after when due;

(b) the filing by or against the Company of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any obligor, such proceeding is not dismissed or stayed within 60 days of the commencement thereof);

(c) any assignment by the Company for the benefit of creditors;

(d) a default with respect to any other indebtedness of the Company for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt, unless the holder of such debt waives such default or otherwise agrees to forbear from exercising its rights with respect to such default;

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(e) the entry of a final judgment against the Company in an amount exceeding \$100,000 and the failure of the Company to discharge the judgment within thirty (30) days of the entry thereof;

(f) any material adverse change in the Company’s business, assets, operations, financial condition or results of operations; or

(g) the Company ceases doing business as a going concern.

6. Transfer; Successors and Assigns. Subject to the restrictions set forth in the Note and Warrant Purchase Agreement, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Holder. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name, of, the transferee. Interest and principal are payable only to the registered holder of this Note. The terms and conditions of this Note shall inure to the benefit of and binding upon the respective successors and assigns of the parties.

7. Governing Law. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law and choice of law that

would cause the laws of any other jurisdiction to apply.

8. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and given as provided in the Note and Warrant Purchase Agreement.

9. Amendments and Waivers. Subject to Section 8(f) of the Note and Warrant Purchase Agreement, this Note and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Note, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

10. Stockholders, Officers and Directors Not Liable. In no event shall any stockholder, officer or director of the Company be liable for any amounts due or payable pursuant to this Note.

11. Headings. The headings in this Note are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

12. Benefits of this Note. Nothing in this Note shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Note and this Note shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Note.

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IN WITNESS WHEREOF, the Company has caused this Note to be duly executed and delivered by its authorized officer, as of the date first above written.

GEOSPATIAL CORPORATION

By:

\_\_\_\_\_  
Mark A. Smith  
Chief Executive Officer

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EXHIBIT B  
FORM OF WARRANT

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NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS.

Warrant Issue Date: September 30, 2015

COMMON STOCK PURCHASE WARRANT

For value received, Geospatial Corporation (the "Company"), a Nevada corporation, hereby certifies that Thomas R. Oxenreiter (the "Holder") or its permitted assign(s) is entitled to purchase from the Company, for a period of 10 years from the date hereof, SIX THOUSAND, EIGHT HUNDRED NINETY-ONE (6,891) shares of the Company's common stock, par value \$.001 per share ("Common Stock") at a price of \$0.20 per share (the "Exercise Price"). This Warrant is subject to the terms of the Purchase Agreement and the following additional terms and conditions.

1. Certain Definitions.

(a) "Change in Control" means any sale of capital stock of the Company or consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such sale, consolidation, merger or reorganization, do not hold at least a majority of the resulting or surviving corporation's voting power immediately after such consolidation, merger or reorganization, or the sale, lease, or other disposition of all or substantially all of the assets of the Company.

(b) "Exercise Period" means the period commencing on the date hereof and ending at 5:00 p.m. (prevailing local time at the principal executive office of the Company) on the tenth anniversary of the Closing Date.

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2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, during the Exercise Period by the surrender of this Warrant, with the form of Subscription Agreement attached hereto as Annex A duly completed and executed by the Holder, to the Company at its principal executive office, accompanied by payment in cash, in lawful money of the United States of America, including by certified or official bank check made payable to the order of the Company or by wire transfer of immediately available funds to an account designated by the Company, of an amount equal to the Exercise Price multiplied by the number of shares of Common being purchased pursuant to such exercise of the Warrant.

(b) This Warrant may be exercised for less than the full number of shares of Common Stock calculated above, provided that this Warrant may

not be exercised in part for less than a whole number of shares of Common Stock. Upon any such partial exercise, the Company at its expense will forthwith issue to the Holder a new Warrant or Warrants of like tenor exercisable for the number of shares of Common Stock as to which rights have not been exercised (subject to adjustment as herein provided), such Warrant or Warrants to be issued in the name of the Holder or its nominee.

(c) As soon as practicable after the exercise of this Warrant and payment of the Exercise Price, and in any event within 20 business days thereafter, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder a certificate or certificates for the number of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock to which the Holder shall be entitled upon such exercise, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash in an amount determined in accordance with Section 3(d) hereof. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid.

(d) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights of a stockholder of the Company with respect to shares for which this Warrant shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company.

(e) In the event that the Company proposes to engage in a Change in Control or Qualified Public Offering, it shall give the Holder written of its intention not less than ten (10) days prior to the date of the proposed closing of such transaction. The notice shall describe the material terms and conditions upon which the Company proposes to consummate such transaction.

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3. Reservation of Stock Issuable on Exercise of Warrants. The Company shall at all times reserve and keep available out of its authorized but unissued stock, solely for the issuance and delivery upon the exercise of this Warrant and other similar Warrants, such number of its duly authorized shares of Common Stock as from time to time shall be issuable upon the exercise of this Warrant and other similar Warrants.

4. Negotiability. This Warrant is issued upon the following terms:

(a) Transfer. By acceptance hereof, the Holder acknowledges and agrees that the Holder is acquiring the Warrant and the shares of Common Stock issuable upon exercise hereof for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Holder has no present intention of selling, granting any participation in, or otherwise distributing the same.

(b) Agreements. As a condition to the Company's obligation to issue shares of Common Stock upon exercise hereof, the Holder shall execute the Subscription Agreement attached hereto as Annex A.

(c) Transfer Taxes. The Company shall not be required to pay any federal or state transfer tax or charge that may be payable in respect of any transfer involved in the transfer or delivery of this Warrant or the issuance or delivery of certificates for Common Stock in a name other than that of the Holder or to issue or deliver any certificates for Common Stock upon the exercise of this Warrant until any and all such taxes and charges shall have been paid by the Holder or until it has been established to the Company's reasonable satisfaction that no such tax or charge is due.

(d) Compliance with Securities Laws. The Holder, by acceptance hereof, acknowledges that this Warrant, the shares of Common Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant, any shares of Common Stock to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws.

5. Subdivision of Rights. Subject to Section 6, this Warrant (as well as any new Warrants issued pursuant to the provisions of this Section 7) is exchangeable, upon the surrender hereof by the Holder, at the principal executive office of the Company for any number of new Warrants of like tenor and date representing in the aggregate the right to subscribe for and purchase the number of shares of Common Stock of the Company which may be subscribed for and purchased hereunder.

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6. Miscellaneous.

(a) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and given as provided in the Purchase Agreement.

(b) Books of the Company. The Company may treat the holder hereof as appearing on the Company's books at any time as the holder for all purposes.

(c) Headings. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

13. (d) Amendment; Waiver. Subject to Section 8(f) of the Purchase Agreement, this Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

14. (e) Benefits of this Warrant. Nothing in this Warrant shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Warrant.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered by its authorized officer, as of the date first above written.

By: \_\_\_\_\_  
Mark Smith  
Chief Executive Officer

ANNEX A  
SUBSCRIPTION AGREEMENT

Date: \_\_\_\_\_

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned (the "Purchaser"), pursuant to the provisions set forth in the attached Warrant, hereby irrevocably elects (a) to purchase \_\_\_\_\_ shares of Common Stock (the "Warrant Shares") covered by such Warrant and herewith makes payment of \$ \_\_\_\_\_, representing the full purchase price for such shares at the price per share provided for in such Warrant or (b) to exercise the Warrant with respect to \_\_\_\_\_ shares of Common Stock, pursuant to Section 2(b) of the Warrant [STRIKE (a) OR (b) AS APPLICABLE].

Purchaser represents and warrants to the Company as follows:

1. Investment Representations. Purchaser understands that the Warrant Shares have not been registered under the Securities Act. Purchaser also understands that the Warrant Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

2. Experience; Risk. Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the purchase of the Warrant Shares and of protecting Purchaser's interests in connection therewith. Purchaser is able to fend for itself in the transactions contemplated by this Agreement and has the ability to bear the economic risk of the investment, including complete loss of the investment.

3. Investment. Purchaser is acquiring the Warrant Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser understands that the Warrant Shares have not been registered under the Securities Act and applicable state securities laws (collectively, the "Acts") by reason of a specific exemption from the registration provisions of the Acts which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Purchaser's representations as expressed herein.

4. Information. Purchaser has been furnished with all information which it deems necessary to evaluate the merits and risks of purchasing the Warrant Shares and has had the opportunity to ask questions concerning the Warrant Shares and the Company and all questions posed have been answered to its satisfaction. Purchaser has been given the opportunity to obtain any additional information it deems necessary to verify the accuracy of any information obtained concerning the Warrant Shares and the Company. Purchaser has such knowledge and experience in financial and business matters that it is able to evaluate the merits and risks of purchasing the Warrant Shares and to make an informed decision relating thereto.

5. Restricted Securities; Restrictions on Transfer. Purchaser understands that the Warrant Shares will be "restricted securities" under applicable securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations the Warrant Shares may be resold without registration under the Acts only in certain limited circumstances. Purchaser acknowledges that Warrant Shares must be held indefinitely unless subsequently registered under the Acts or an exemption from such registration is available. To the extent that Purchaser is not already a party to such agreements, Purchaser agrees to execute and deliver a counterpart signature page, and become a party, to such stockholder and registration rights agreements as are then in effect by and among the Company and its stockholders.

6. No Public Market. Purchaser understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for such securities.

7. Accredited Investor. Purchaser is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act. The Purchaser has considered the Federal and state income tax implications of the exercise of the Warrant and the purchase and subsequent sale of the Warrant Shares.

8. Residence. If Purchaser is an individual, then Purchaser resides in the state or province identified in the address of Purchaser set forth below; if Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of Purchaser in which its investment decision was made is located at the address or addresses of Purchaser set forth below.

\_\_\_\_\_  
Signature

Print name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the Assignee named below the rights and obligations represented by the within Warrant with respect to the number of shares of Common Stock set forth below:

Name of Assignee	Address	No. of Shares
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and appoints \_\_\_\_\_ attorney to transfer said right on the warrant register of \_\_\_\_\_ with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
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EX-10.31 7 ex10-31.htm CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT

[Geospatial Corporation 10-K](#)

**Exhibit 10.31**

CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT

THIS CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT (“Agreement”) is dated as of October 13, 2015, by and among (i) Geospatial Corporation, a Nevada corporation (the “Company”), and (ii) the persons and entities whose names are set forth on the Schedule of Purchasers attached hereto as Schedule A (such persons and entities are hereinafter collectively referred to herein as “Purchasers” and each individually as a “Purchaser”).

RECITALS:

WHEREAS, the Company desires to issue and sell to the Purchasers Unsecured Convertible Promissory Notes in the form attached hereto as Exhibit A (the “Notes”) and Warrants in the form attached hereto as Exhibit B (the “Warrants”), in the individual amounts set forth opposite each such Purchaser’s name on Schedule A; and

WHEREAS, the Company desires to sell, and the Purchasers desire to purchase, the Notes and Warrants on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the respective representations and warranties, covenants and agreements contained herein, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Sale and Purchase. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each Purchaser, severally and not jointly, and each Purchaser agrees to purchase from the Company, severally and not jointly, the Note and Warrant in the amounts set forth opposite such Purchaser’s name on Schedule A. The purchase price of each Note and Warrant shall be the principal amount of the Note set forth opposite each Purchaser’s name on Schedule A.

2. Closings.

(a) The purchase and sale of the Notes and Warrants shall take place pursuant to one or more closings (each, a “Closing”).

(b) Each Closing shall be held at the offices of the Company. At each Closing the Company shall issue and deliver to each Purchaser a Note in the aggregate principal amount of the Note to be purchased by such Purchaser as set forth on Schedule A, together with a Warrant exercisable for a number of shares of the Company’s common stock, par value \$ .001 per share (“Common Stock”) calculated as set forth therein, against payment of the purchase price therefor by check or wire transfer of immediately available funds to an account designated in writing by the Company.

(c) The parties agree that the delivery of this Agreement and any other documents at a Closing may be effected by means of an exchange of facsimile or scanned and emailed signatures with original copies to follow by mail or courier service. Any person or entity that purchases a Note and a Warrant shall become a party to this Agreement by executing and delivering to the Company a counterpart signature page hereto. The Company shall amend Schedule A to reflect any such purchase following the initial Closing.

3. Representations and Warranties of the Company. The Company represents to each Purchaser, as of the date hereof, as follows:

(a) Organization and Standing. The Company is a corporation duly organized and validly existing under the laws of the State of Nevada. The Company has all requisite corporate power and authority to own and operate its properties and assets, and to execute and deliver this Agreement, the Notes and the Warrants. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

(b) Authorization; Binding Obligation. All corporate action on the part of the Company necessary for the authorization of this Agreement, the Notes and the Warrants, and the performance of all obligations of the Company hereunder and thereunder has been taken. This Agreement constitutes, and the Notes and Warrants, when executed and delivered at the Closing, will constitute, valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors’ rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

Capitalization. Immediately prior to giving effect to the transactions contemplated by this Agreement, we had approximately 137,806,264 shares of common stock outstanding. Approximately 16,035,619 of such shares are currently unrestricted and freely tradable on the OTC Pink Marketplace where the Company’s common stock trades. In addition, we have filed a registration statement with the SEC to register 104,608,484 shares of our common stock held by certain of our shareholders. Upon the effectiveness of such registration statement those shares will become freely tradable. Of our remaining outstanding shares, as of the date of this Memorandum, some of such shares may become eligible for resale in the future under Rule 144 under the Securities Act.

Proceeds. The Company shall use the proceeds from the issuance and sale of the Notes and Warrants for working capital and other general corporate purposes.

4. Representations and Warranties of each Purchaser. Each Purchaser, severally and not jointly, represents and warrants to the Company as of the Closing of the purchase of such Purchaser's Note and Warrant that:

(a) Requisite Power and Authority. All action on the part of Purchaser necessary for the authorization of this Agreement and the performance of all obligations of Purchaser hereunder has been taken. This Agreement constitutes the valid and binding obligation of Purchaser enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

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(b) Investment Representations. Purchaser understands that the Note and the Warrant issued to such Purchaser hereunder, and the shares of Common Stock issuable upon conversion of the Note and upon exercise of the Warrant (the "Shares") have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). Purchaser also understands that the Note and the Warrant are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement.

(c) Experience: Risk. Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the purchase of the Note, the Warrant and the Shares and of protecting Purchaser's interests in connection therewith. Purchaser is able to fend for itself in the transactions contemplated by this Agreement and has the ability to bear the economic risk of the investment, including complete loss of the investment.

(d) Investment. Purchaser is acquiring the Note, the Warrant and the Shares for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser understands that the Note, the Warrant and the Shares have not been registered under the Securities Act and applicable state securities laws (collectively, the "Acts") by reason of a specific exemption from the registration provisions of the Acts which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Purchaser's representations as expressed herein.

(e) Information. Purchaser has been furnished with all information which it deems necessary to evaluate the merits and risks of purchasing the Note and the Warrant and has had the opportunity to ask questions concerning the Note, the Warrant and the Company and all questions posed have been answered to its satisfaction. Purchaser has been given the opportunity to obtain any additional information it deems necessary to verify the accuracy of any information obtained concerning the Note, the Warrant and the Company. Purchaser understands that an investment in the Note involves significant risks.

(f) Restricted Securities. Purchaser understands that the Note, the Warrant and the Shares will be "restricted securities" under applicable securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations the Note, the Warrant and the Shares may be resold without registration under the Acts only in certain limited circumstances. Purchaser acknowledges that the Note, the Warrant and the Shares must be held indefinitely unless subsequently registered under the Acts or an exemption from such registration is available.

(g) No Public Market. Purchaser understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for such securities.

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(h) Accredited Investor. Purchaser is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act. Purchaser has considered the federal and state income tax implications of an investment in the Securities and has consulted with his or its own advisors with respect thereto.

(i) Residence. If Purchaser is an individual, then Purchaser resides in the state or province identified in the address of Purchaser set forth on Schedule A; if Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of Purchaser in which its investment decision was made is located at the address of Purchaser set forth on the signature page of such Purchaser hereto.

(j) Legends. Purchaser understands and agrees that the Note will bear a legend as set forth on Exhibit A and, the Warrant will bear a legend as set forth on Exhibit B. In addition, the Note, the Warrant and any certificate or other instrument representing the Shares will bear any other legend that may be required by applicable law, by the Company's Articles of Incorporation or Bylaws, or by any agreement between the Company and Purchaser.

5. Closing Conditions.

(a) Conditions to Purchasers' Obligations at the Closing. Each Purchaser's obligation to purchase a Note and Warrant at any Closing is subject to the satisfaction, or waiver by such Purchaser, at or prior to such Closing of the following conditions:

(i) Representations and Warranties True: Performance of Obligations. The representations and warranties made by the Company in Section 3 hereof shall be true and correct in all material respects as of such Closing with the same force and effect as if they had been made as of such Closing, and the Company shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to such Closing.

(ii) Legal Investment. On the Closing Date, the sale and issuance of the Note and the Warrant shall be legally permitted by all laws and regulations to which Purchasers and the Company are subject.

(iii) Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by the Agreement (except for such as may be properly obtained subsequent to the Closing).

(b) Conditions to Company's Obligations at the Closing. The Company's obligation to sell the Notes and Warrants at any Closing is subject to the satisfaction, or waiver by the Company, at or prior to such Closing of the following conditions:

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(i) Representations and Warranties True: Performance of Obligations. The representations and warranties made by the Purchaser(s) in Section 4 hereof shall be true and correct in all material respects as of the Closing, and the Purchasers shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Closing.

(ii) Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by the Agreement (except for such as may be properly obtained subsequent to the Closing).

6. Post-Closing Covenants. The Company agrees to take any and all action as is necessary or desirable to authorize, reserve and issue any shares of

the Company's capital stock issuable upon conversion of the Notes and the Warrants.

7. Notes Pari Passu. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on all outstanding Notes on the basis of the then outstanding principal amount of the Notes, together with any and all interest accrued but unpaid thereon.

8. Miscellaneous.

(a) Governing Law. This Agreement and the Notes shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply.

(b) Jurisdiction. Each Purchaser consents to the exclusive jurisdiction of any state or federal court of competent jurisdiction located within Butler County in the Commonwealth of Pennsylvania and irrevocably agrees that all actions or proceedings relating to this Agreement may be litigated in such courts. Each Purchaser accepts for itself and in connection with its respective properties, generally and unconditionally, the jurisdiction of the aforesaid courts and waives any defense of forum non conveniens, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement and the Notes.

(c) Successors and Assigns. This Agreement may not be assigned, conveyed or transferred without the prior written consent of the Company. Subject to the foregoing, the rights and obligations of the Company and each Purchaser under this Agreement shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees. The terms and provisions of this Agreement are for the sole benefit of the parties hereto and thereto and their respective permitted successors and assigns, and are not intended to confer any third-party benefit on any other person.

(d) Entire Agreement. This Agreement, the exhibits and schedules hereto and the Notes and the Warrants delivered pursuant to the terms hereof constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein. Any previous agreement among the parties relative to the specific subject matter hereof is superseded by this Agreement.

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(e) Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(f) Amendment or Waiver. This Agreement, the Notes and the Warrants may be amended, and any term or provision of this Agreement, the Notes and the Warrants may be waived, (either generally or in a particular instance and either retroactively or prospectively) upon the written consent of the Company and the holders of a majority in principal amount of the Notes; provided that the terms and provisions of a Note or a Warrant may not be amended or waived in a manner substantially different from the terms and conditions of the Notes held by converting majority in interest without the written consent of the holder of such Note or such Warrant. Any amendment of this Agreement, or waiver of any term or provision of this Agreement, the Notes or the Warrants effected in accordance with this Agreement, the Notes or Warrants shall be binding upon each Purchaser under this Agreement. Notwithstanding the foregoing, this Agreement may be amended with only the written consent of the Company to include additional purchasers of Notes and Warrants as "Purchasers" and parties hereto.

(g) Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, including, with respect to any Purchaser, upon delivery by electronic mail to such Purchaser's or such Purchaser's representative's e-mail address; (ii) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) the next business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and to each Purchaser at the address or facsimile number set forth on such party's signature page hereof or at such other address as the Company or such Purchaser may designate by 10 days' advance written notice to the other parties hereto.

(h) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of the Agreement.

(i) Titles and Subtitles. The titles of the sections and subsections of the Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

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IN WITNESS WHEREOF the parties hereto have executed this Convertible Note and Warrant Purchase Agreement as of the date set forth in the first paragraph hereof.

COMPANY:

GEOSPATIAL CORPORATION

By: /s/ Mark Smith  
Mark Smith  
Chief Executive Officer

Address:

229 Howes Run Road  
Sarver, PA 16055

## Individual Investor

## Entity Investor

Name: Thomas R. Oxenreiter  
 Signature: /s/ Thomas R. Oxenreiter  
 Date: October 13, 2015  
 Address:  
 118 Highland Drive  
 McMurray, PA 15317  
 Telephone: (412) 206-9362  
 Cell:  
 Facsimile:  
 E-mail: oxenreiter@gmail.com  
 Principal Amount of Note Purchased:  
 \$12,000.00

Name: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Cell: \_\_\_\_\_  
 Facsimile: \_\_\_\_\_  
 E-mail: \_\_\_\_\_  
 Principal Amount of Note Purchased: \_\_\_\_\_

## SCHEDULE A

SCHEDULE OF PURCHASERS

Name	Principal Amount of Note	Warrant	Purchase Price
Thomas R. Oxenreiter	\$ 12,000.00	12,000	\$ 0.15

## EXHIBIT A

FORM OF NOTE

NEITHER THIS NOTE NOR ANY SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO THAT CERTAIN CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENT, DATED AS OF JULY 13, 2015, BY AND AMONG THE COMPANY AND THE PURCHASERS NAMED THEREIN.

UNSECURED CONVERTIBLE PROMISSORY NOTE

\$12,000.00

Issue Date: October 13, 2015

For value received, Geospatial Corporation, a Nevada corporation (together with its successors and assigns, the "Company"), promises to pay to Thomas R. Oxenreiter (the "Holder"), unless this Note is earlier converted pursuant to Section 3, the principal sum of TWELVE THOUSAND DOLLARS (12,000.00), together with any and all interest accrued but unpaid thereon. This Note is one of a series of notes (collectively, "Notes") issued pursuant to that certain Convertible Note and Warrant Purchase Agreement dated as of October 13, 2015, by and among the Company and the Purchasers listed in Schedule A thereto (the "Note and Warrant Purchase Agreement"). This Note is subject to the terms of the Note and Warrant Purchase Agreement and the following additional terms and conditions.

Definitions. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Note and Warrant Purchase Agreement.

Payment Terms.

Maturity Date. Unless earlier converted as provided in Section 3, this Note will automatically mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) January 13, 2016; (the "Maturity Date"), or (b) the occurrence of an Event of Default (as defined in Section 5).

Interest. Interest shall accrue on the unpaid principal amount of this Note at a rate per annum of 10%, and shall be payable as set forth in Section 2.1.

Prepayment. The Company shall have the right to redeem and prepay this Note, at any time. Upon such redemption and prepayment, the Company shall pay the unpaid principal of, and all accrued and unpaid interest under, this Note.

Conversion.

Optional Conversion. The Holder shall have the right, at any time prior to the Maturity Date, to convert the unpaid principal and accrued interest, if any, of this Note, in whole or in part, into shares of common stock, par value \$ .001 per share, of the Company ("Common Stock") at a price per share (the "Conversion Price") of \$0.15.

Mechanics and Effect of Conversion.

No fractional shares will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company will pay to the Holder in cash the unconverted balance that would otherwise be converted into such fractional share.

In the event that this Note is converted pursuant to Section 3.1 the Holder shall surrender this Note, duly endorsed, to the Company at the closing of the purchase and sale of the Company's equity securities and the Note shall thereupon be canceled

Termination of Rights. Upon conversion of this Note in accordance with Section 3.1, all rights with respect to the converted portion of this Note shall terminate, whether or not the Note has been surrendered for cancellation, and the Company will be forever released from all of its obligations and liabilities under the converted portion of this Note except its obligations pursuant to Section 3.2.

Payment. Except as set forth herein, all payments shall be made in lawful money of the United States of America at the principal offices of the Company. Payment shall be credited first to any accrued interest then due and payable and the remainder applied to principal.

Events of Default. The entire unpaid principal sum of this Note, together with any and all interest accrued but unpaid thereon, shall become immediately due and payable upon the occurrence of an Event of Default. Subject to the foregoing, an Event of Default shall be deemed to have occurred upon the occurrence of any of the following:

the nonpayment of any principal, interest or other indebtedness under this Note within ten (10) calendar days after when due;

the filing by or against the Company of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship or similar proceeding (and, in the case of any such proceeding instituted against any obligor, such proceeding is not dismissed or stayed within 60 days of the commencement thereof);

any assignment by the Company for the benefit of creditors;

a default with respect to any other indebtedness of the Company for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt, unless the holder of such debt waives such default or otherwise agrees to forbear from exercising its rights with respect to such default;

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the entry of a final judgment against the Company in an amount exceeding \$100,000 and the failure of the Company to discharge the judgment within thirty (30) days of the entry thereof;

any material adverse change in the Company's business, assets, operations, financial condition or results of operations; or

the Company ceases doing business as a going concern.

Transfer; Successors and Assigns. Subject to the restrictions set forth in the Note and Warrant Purchase Agreement, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Holder. Thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. The terms and conditions of this Note shall inure to the benefit of and binding upon the respective successors and assigns of the parties.

Governing Law. This Note and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply.

Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and given as provided in the Note and Warrant Purchase Agreement.

Amendments and Waivers. Subject to Section 8(f) of the Note and Warrant Purchase Agreement, this Note and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Note, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

Stockholders, Officers and Directors Not Liable. In no event shall any stockholder, officer or director of the Company be liable for any amounts due or payable pursuant to this Note.

Headings. The headings in this Note are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

Benefits of this Note. Nothing in this Note shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Note and this Note shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Note.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed and delivered by its authorized officer, as of the date first above written.

GEOSPATIAL CORPORATION

By:

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Mark A. Smith  
Chief Executive Officer

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EXHIBIT B

FORM OF WARRANT

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Warrant Issue Date: October 13, 2015

### COMMON STOCK PURCHASE WARRANT

For value received, Geospatial Corporation (the "Company"), a Nevada corporation, hereby certifies that Thomas R. Oxenreiter (the "Holder") or its permitted assign(s) is entitled to purchase from the Company, for a period of 10 years from the date hereof, TWELVE THOUSAND (12,000) shares of the Company's common stock, par value \$.001 per share ("Common Stock") at a price of \$0.15 per share (the "Exercise Price"). This Warrant is subject to the terms of the Purchase Agreement and the following additional terms and conditions.

1. Certain Definitions.

(a) "Change in Control" means any sale of capital stock of the Company or consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such sale, consolidation, merger or reorganization, do not hold at least a majority of the resulting or surviving corporation's voting power immediately after such consolidation, merger or reorganization, or the sale, lease, or other disposition of all or substantially all of the assets of the Company.

(b) "Exercise Period" means the period commencing on the date hereof and ending at 5:00 p.m. (prevailing local time at the principal executive office of the Company) on the tenth anniversary of the Closing Date.

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2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, during the Exercise Period by the surrender of this Warrant, with the form of Subscription Agreement attached hereto as Annex A duly completed and executed by the Holder, to the Company at its principal executive office, accompanied by payment in cash, in lawful money of the United States of America, including by certified or official bank check made payable to the order of the Company or by wire transfer of immediately available funds to an account designated by the Company, of an amount equal to the Exercise Price multiplied by the number of shares of Common being purchased pursuant to such exercise of the Warrant.

(b) This Warrant may be exercised for less than the full number of shares of Common Stock calculated above, provided that this Warrant may not be exercised in part for less than a whole number of shares of Common Stock. Upon any such partial exercise, the Company at its expense will forthwith issue to the Holder a new Warrant or Warrants of like tenor exercisable for the number of shares of Common Stock as to which rights have not been exercised (subject to adjustment as herein provided), such Warrant or Warrants to be issued in the name of the Holder or its nominee.

(c) As soon as practicable after the exercise of this Warrant and payment of the Exercise Price, and in any event within 20 business days thereafter, the Company, at its expense, will cause to be issued in the name of and delivered to the Holder a certificate or certificates for the number of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock to which the Holder shall be entitled upon such exercise, plus, in lieu of any fractional share to which the Holder would otherwise be entitled, cash in an amount determined in accordance with Section 3(d) hereof. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid.

(d) Prior to the exercise of this Warrant, the Holder shall not be entitled to any rights of a stockholder of the Company with respect to shares for which this Warrant shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company.

(e) In the event that the Company proposes to engage in a Change in Control or Qualified Public Offering, it shall give the Holder written of its intention not less than ten (10) days prior to the date of the proposed closing of such transaction. The notice shall describe the material terms and conditions upon which the Company proposes to consummate such transaction.

3. Reservation of Stock Issuable on Exercise of Warrants. The Company shall at all times reserve and keep available out of its authorized but unissued stock, solely for the issuance and delivery upon the exercise of this Warrant and other similar Warrants, such number of its duly authorized shares of Common Stock as from time to time shall be issuable upon the exercise of this Warrant and other similar Warrants.

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4. Negotiability. This Warrant is issued upon the following terms:

(a) Transfer. By acceptance hereof, the Holder acknowledges and agrees that the Holder is acquiring the Warrant and the shares of Common Stock issuable upon exercise hereof for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Holder has no present intention of selling, granting any participation in, or otherwise distributing the same.

(b) Agreements. As a condition to the Company's obligation to issue shares of Common Stock upon exercise hereof, the Holder shall execute the Subscription Agreement attached hereto as Annex A.

(c) Transfer Taxes. The Company shall not be required to pay any federal or state transfer tax or charge that may be payable in respect of any transfer involved in the transfer or delivery of this Warrant or the issuance or delivery of certificates for Common Stock in a name other than that of the Holder or to issue or deliver any certificates for Common Stock upon the exercise of this Warrant until any and all such taxes and charges shall have been paid by the Holder or until it has been established to the Company's reasonable satisfaction that no such tax or charge is due.

(d) Compliance with Securities Laws. The Holder, by acceptance hereof, acknowledges that this Warrant, the shares of Common Stock to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant, any shares of Common Stock to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws.

5. Subdivision of Rights. Subject to Section 6, this Warrant (as well as any new Warrants issued pursuant to the provisions of this Section 7) is exchangeable, upon the surrender hereof by the Holder, at the principal executive office of the Company for any number of new Warrants of like tenor and date representing in the aggregate the right to subscribe for and purchase the number of shares of Common Stock of the Company which may be subscribed for and purchased hereunder.

6. Miscellaneous.

(a) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and given as provided in the Purchase Agreement.

(b) Books of the Company. The Company may treat the holder hereof as appearing on the Company's books at any time as the holder for all purposes.

(c) Headings. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect the meaning hereof.

(d) Amendment Waiver. Subject to Section 8(f) of the Purchase Agreement, this Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought. No waivers of any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

(e) Benefits of this Warrant. Nothing in this Warrant shall be construed to give any person or corporation other than the Company and the Holder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Holder and any other permitted holder or holders of the Warrant.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and delivered by its authorized officer, as of the date first above written.

Geospatial Corporation

By: \_\_\_\_\_  
Mark Smith  
Chief Executive Officer

EX-31.1 8 ex31-1.htm CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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 Annual Report on Form 10-K for the year ended December 31, 2015 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; and
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: April 14, 2016

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

EX-31.2 9 ex31-2.htm CERTIFICATION OF CHIEF FINANCIAL OFFICER

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

I, Thomas R. Oxenreiter, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 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; and
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: April 14, 2016

By: /s/ Thomas R. Oxenreiter

Name: Thomas R. Oxenreiter

Title: Chief Financial Officer

EX-32.1 10 ex32-1.htm CERTIFICATION OF CHIEF EXECUTIVE OFFICER

**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 Annual Report on Form 10-K of Geospatial Corporation (the "Company") for the year ended December 31, 2015 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 results of operations of the Company.

Date: April 14, 2016

By: /s/ Mark A. Smith

Name: Mark A. Smith

Title: Chief Executive Officer

EX-32.2 11 ex32-2.htm CERTIFICATION OF CHIEF FINANCIAL OFFICER

**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 Annual Report on Form 10-K of Geospatial Corporation (the "Company") for the year ended December 31, 2015 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: April 14, 2016

By: /s/ Thomas R. Oxenreiter

Name: Thomas R. Oxenreiter

Title: Chief Financial Officer

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