

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): November 2, 2011

Geospatial Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or other jurisdiction
of incorporation)

333-04066
(Commission
File Number)

87-0554463
(IRS Employer
Identification Number)

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

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Promissory Note and Security Agreement

On December 5, 2011, Geospatial Holdings, Inc. (the "Company") entered into a Promissory Note and Security Agreement (the "Note Agreement") with Lowery Enterprises, LLC, a limited liability company organized under the laws of the State of Oregon (the "Lender"). Pursuant to the Note Agreement, the Company borrowed \$300,000 from the Lender. The Company is obligated to repay the loan principal, together with interest accrued thereon at the rate of 10% per annum, at the earlier of June 2, 2012, or 10 days following a closing by the Company on an equity raise of at least \$3.5 million. The loan is secured by certain equipment owned by the Company with a net book value of approximately \$350,000. As further consideration for the loan, the Company issued the Lender a Common Stock Purchase Warrant (the "Warrant") to purchase three million shares of the Company's common stock at \$0.10 per share, exercisable through December, 2016.

Settlement Agreement

The Company entered into an Amended and Restated Settlement Agreement (the "Amended Settlement Agreement") dated November 2, 2011 with twenty-nine investors (the "Investors") who had purchased shares of the Company's common stock in private placements in October, 2009, December, 2009, and March, 2010 (the "Private Placements"). The Amended Settlement Agreement replaces the Settlement Agreement dated April 8, 2011 (the "Initial Settlement Agreement") with the Investors, who threatened to file a lawsuit against the Company and its officers relating to their purchases of \$5.5 million of capital stock issued in connection with the Private Placements.

The Initial Settlement Agreement required that the Company raise at least \$5.0 million of additional equity capital by August 12, 2011 as a condition for the Investors' agreement to forever waive their right to pursue their claims against the Company and its officers, except in the event that the Company files for bankruptcy. Since the Company has not raised the minimum equity capital required under the Initial Settlement Agreement, the Amended Settlement Agreement has been negotiated with the Investors which reduces the minimum equity raise to \$3.5 million and extends the deadline for closing on the equity offering to January 15, 2012. The Investors have agreed not to pursue their claims through January 15, 2012 to afford the Company the opportunity to raise the additional funds.

Following the closing of an equity offering of at least \$3.5 million, the Company will issue additional shares of the Company's common stock to the Investors. Under the Amended Settlement Agreement, each Investor will be granted additional shares of the Company's common stock so that the aggregate number of shares issued to such Investor related to the offerings and the settlement will equal 60% of the Investor's aggregate investment in the offerings divided by the per share price at which the Company effects its anticipated offering.

Thus, the Investors will be treated as if they had purchased all of their shares at approximately 167% of the offering price to be established in the upcoming offering. Under the Initial Settlement Agreement, the Investors were to be treated as if they had purchased all of their shares at 100% of the offering price.

As consideration for the reduction in shares granted to the Investors under the Amended Settlement Agreement, the Company has agreed to issue warrants to purchase its common stock exercisable at two times the offering price. At closing, the Investors will be issued warrants to purchase two shares of common stock for each share of common stock they are issued under the Amended Settlement Agreement. The warrants will be issued following the closing of the anticipated offering and will expire six years after issuance.

Other unaffiliated investors purchased \$6.4 million of Geospatial capital stock in the Private Placements. While these investors have not raised allegations of

misconduct against the Company or its officers, the Board of Directors has concluded that such investors should be entitled to additional shares and warrants consistent with the terms outlined above provided they invest the same amount in the new offering as they invested in the Private Placements.

If such investors invest a lesser amount in the new offering, shares and warrants to which they are entitled would be reduced proportionately. Thus, if an unaffiliated investor purchases shares in the new offering equal in value to 70% of their investment in the Private Placements, additional shares and warrants to which they would be entitled had they purchased 100% of their 2009/2010 investment would be reduced by 30%.

The Amended Settlement Agreement also requires that the Company to extend its License and Distribution Agreement with Reduct NV (the "Reduct Agreement"). The Company intends to negotiate an extension of the Reduct Agreement, which expired May 31, 2011.

The foregoing discussion provides only a brief description of the documents described above. The discussion is qualified in its entirety by the full text of the Note Agreement, the Warrant, and the Amended Settlement Agreement, which are attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2, and 10.3, respectively.

Item 2.03. Creation of a Direct Financial Obligation.

See Item 1.01 "Entry into a Material Definitive Agreement."

Item 3.02 Unregistered Sales of Equity Securities.

Promissory Note and Security Agreement

Pursuant to the Note Agreement, the Company issued the Lender a Warrant to purchase three million shares of the Company's common stock at \$0.10 per share, exercisable through December, 2016. The transactions contemplated pursuant to the Warrant will take place in a private placement pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation D, and the Company will conduct the private placements without any general solicitation or advertisement and with a restriction on resale.

Settlement Agreement

Pursuant to the Amended Settlement Agreement, each Investor will be granted additional shares of the Company's common stock so that the aggregate number of shares issued to such Investor related to the offerings and the settlement will equal 60% of the Investor's aggregate investment in the offerings divided by the per share price at which the Company effects its anticipated offering. Thus, the Investors will be treated as if they had purchased all of their shares at approximately 167% of the offering price to be established in the upcoming offering. Under the Initial Settlement Agreement, the Investors were to be treated as if they had purchased all of their shares at 100% of the offering price. As consideration for the reduction in shares granted to the Investors under the Amended Settlement Agreement, the Company has agreed to issue warrants to purchase its common stock exercisable at two times the offering price. At closing, the Investors will be issued warrants to purchase two shares of common stock for each share of common stock they are issued under the Amended Settlement Agreement. The warrants will be issued following the closing of the anticipated offering and will expire six years after issuance. The transactions contemplated pursuant to the Amended Settlement Agreement will take place in a series of private placements pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation D, and the Company will conduct the private placements without any general solicitation or advertisement and with a restriction on resale.

Item 7.01. Regulation FD Disclosure.

On December 16, 2011, the Company issued a press release announcing its entry into the Note Agreement, the Warrant, and the Amended Settlement Agreement (as discussed in Items 1.01, 2.03, and 3.02 hereof). The press release is furnished as Exhibit 99.1 hereto, and is incorporated into this Item 7.01 by reference. The information furnished in this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Promissory Note and Security Agreement dated December 5, 2011 executed by Geospatial Holdings, Inc. for the benefit of Lowery Enterprises, LLC.
10.2	Common Stock Purchase Warrant dated December 5, 2011.
10.3	Amended and Restated Settlement Agreement dated November 2, 2011 among Geospatial Holdings, Inc., Mark A. Smith, Thomas R. Oxenreiter, and certain investors.
99.1	Press release dated December 16, 2011.

SIGNATURE

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

GEOSPATIAL HOLDINGS, INC.

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

Date: December 19, 2011

EX-10.1 2 ex-10_1.htm PROMISSORY NOTE

[Geospatial Holdings, Inc. 8-K](#)**Exhibit 10.1**

PROMISSORY NOTE AND SECURITY AGREEMENT

\$300,000

December 5, 2011

FOR VALUE RECEIVED, UNDERSIGNED GEOSPATIAL HOLDINGS, INC., a corporation organized under the laws of the State of Nevada (the "Borrower"), promises to pay to the order of **Lowery Enterprises, LLC**, a corporation organized under the laws of the State of Oregon (the "Lender"), at such place as the Lender may from time to time designate in writing, the outstanding principal sum of Three Hundred Thousand Dollars (\$300,000.00), with interest payable as hereinafter set forth. Principal and interest shall be payable in lawful money which shall be legal tender in payment of all debts, public and private.

Interest shall accrue at ten percent (10%) of the unpaid principal sum based on a three hundred and sixty (360) day year.

Principal and accrued interest shall be payable in a lump sum upon the earlier to occur of (i) ten (10) days following Borrower's closing on a sale of its equity securities of not less than \$3.5 million and (ii) June 2, 2012.

Borrower may prepay the principal sum in whole or in part at any time.

To secure repayment of this Note, Borrower hereby grants to Lender a security interest in Borrower's fixed assets and inventory as set forth on Exhibit A (collectively, the "Collateral"). Borrower shall cause to be filed a UCC-1 financing statement with the State of Nevada to perfect this security interest. Borrower further agrees that it will not sell or otherwise transfer any of the Collateral outside of its ordinary course of business and Borrower will use the net proceeds of any ordinary course of business sales to prepay this Note.

This Note shall be governed, construed and interpreted strictly in accordance with the laws of the State of Nevada.

The Borrower agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by Borrower or any successor or assign of Borrower or with respect to this Note or which in any way relates, directly or indirectly, to the obligations of Borrower to Lender under this Note, or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. Borrower hereby expressly waives any right to a trial by jury in any such suit, action or proceeding. Borrower acknowledges and agrees that this provision is a specific and material aspect of the agreement between the parties and that the Lender would not enter into the transaction with the Borrower if this provision were not part of their agreement.

In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate or would prospectively operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Note, and the remaining provisions (or remaining part of the affected provision) of this Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

Borrower waives presentment, protest and demand, notice of protest, notice of demand and of dishonor and of non-payment of this Note, and expressly agrees that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of Borrower.

WITNESS the signature and seal of Borrower as of the day and year first above written.

WITNESS:

GEOSPATIAL HOLDINGS, INC.

By: /s/ Mark A. SmithMark A. Smith
President

EXHIBIT A

Asset Description	ID Number	Date Acquired	Purchase Price	Status
Probe Inventory				
DR-HDD-4.2 OMU	84442063	10/10/2010	\$ 41,200.42	New
DR-HDD-4.2 OMU	84442061	10/10/2010	\$ 41,200.42	New
DR-HDD-4.2S OMU	84442071	10/10/2010	\$ 42,814.86	New
DR-HDD-4.2S OMU	84442072	10/10/2010	\$ 42,814.86	New
DR-HDD-4.2S OMU	84442074	10/10/2010	\$ 42,814.86	New
WUS-0320 + flight case	N/A	10/10/2010	\$ 8,044.92	New
WUS-0320 + flight case	N/A	10/10/2010	\$ 8,044.92	New
WUS-0258 + flight case	N/A	10/10/2010	\$ 9,271.89	New
Subtotal inventory held for sale			<u>\$236,207.13</u>	
Probe Field Units				
DR-HDD-4.2S OMU probe	84442073	10/10/2010	\$ 42,814.86	Used
DR-HDD-4.2S OMU probe	84442075	10/10/2010	\$ 42,814.86	Used
WUS-0320 wheelset + flight case	N/A	10/10/2010	\$ 8,044.92	Used
WUS-0320 wheelset + flight case	N/A	10/10/2010	\$ 8,044.92	Used

Subtotal field probes			<u>\$101,719.56</u>	
Mobile Mapper	N/A	10/2/2009	\$ 1,903.66	Used
Trimble RTK system	N/A	4/19/2010	\$ 30,793.30	Used
V-Depth Tool	N/A	10/15/2010	\$ 2,052.00	Used
Subtotal other field operations equipment			<u>\$ 34,748.96</u>	
Total			<u>\$372,675.65</u>	

EX-10.2 3 ex-10_2.htm PURCHASE WARRANT

[Geospatial Holdings, Inc. 8-K](#)

Exhibit 10.2

COMMON STOCK PURCHASE WARRANT

GEOSPATIAL HOLDINGS, INC.

Warrant Shares: 3,000,000 Initial Exercise Date: December 5, 2011

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, **Lowery Enterprises, LLC** (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after December 5, 2011 (the "Initial Exercise Date") and on or prior to the close of business on the five (5) year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Geospatial Holdings, Inc., a Nevada corporation (the "Company"), up to 3,000,000 shares (the "Warrant Shares") of Common Stock.

Section 1. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto; and, within three (3) Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within 1 Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be \$0.10, subject to adjustment hereunder (the "Exercise Price").

c) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise Form, (B) surrender of this Warrant (if required) and (C) payment of the aggregate Exercise Price as set forth above (such date, the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the first date on which all of the foregoing have been delivered to the Company.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 1(c)(i) by the Warrant Share Delivery Date, then, the Holder will have the right to rescind such exercise.

iv. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

v. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

Section 2. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any)

outstanding immediately before and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

c) Notice to Holder. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 2, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 3. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 3(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date set forth on the first page of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 4. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 1.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

e) Registration. The Company has previously agreed that upon the closing of an equity offering of not less than \$3.5 million, it will file a registration statement with the Securities and Exchange Commission to register certain shares of its Common Stock. The Company agrees to use all reasonable efforts to include the Warrant Shares in such registration statement.

f) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the laws of the State of Nevada.

g) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

h) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

i) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

j) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

k) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

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

GEOSPATIAL HOLDINGS, INC.

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

NOTICE OF EXERCISE

TO: GEOSPATIAL HOLDINGS, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of lawful money of the United States.

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name of Authorized Signatory:

Title of Authorized Signatory:

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [_____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Date: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

[EX-10.3 4 ex-10_3.htm AMENDED RESTATED SETTLEMENT AGREEMENT](#)
[Geospatial Holdings, Inc. 8-K](#)

Exhibit 10.3

AMENDED AND RESTATED SETTLEMENT AGREEMENT

THIS AMENDED AND RESTATED SETTLEMENT AGREEMENT is made as of this 14th day of October, 2011 (the "Effective Date") by and among Brad Brooks, Kenneth Calligar, Jeremy Carton, Jonathan Cunningham, William Denkin, Omar Hasan, J. Mitchell Hull, Jonathan Kalikow, Benjamin Klopp, Gilbert Li, Michael Lloyd, Michael Matlin, Noel Meller, Raymond Minella, Jeffrey Moskowitz, Raymond Murphy, Jeffrey Parket, David Pritchard, Arthur Rabin, Jason Rabin, Andrea Rosen, Mark Rosen, Scott Sklar, David Sodowick, Jonathon Sopher, Trump Securities, LLC, Adam Wachter, Florine Wachter, Jules Wachter, and Adam Zirkin, by their attorneys (collectively, the "Investors"), and Geospatial Holdings, Inc. ("Geospatial" or "the Company"), Mark A. Smith ("Smith"), and Thomas R. Oxenreiter (collectively, "Geospatial and its Executives") (together, with the Investors, "the Parties").

WHEREAS, the Investors invested an aggregate total of \$5,515,836.00 (the "Investors' Aggregate Investment") in Geospatial pursuant to private placements conducted by the Company in October, 2009, December, 2009 and March, 2010 (the "Offerings");

WHEREAS, the Investors received an aggregate total of 6,800,837 shares of Geospatial common stock and/or preferred stock pursuant to the Offerings as summarized on Attachment A hereto (to the extent any of the Investors have not submitted their preferred shares for conversion to common stock, this will be done during the Deferral Period, as herein defined, and the appropriate number of shares of common stock will be issued as set forth on Attachment A); said 6,800,837 shares of common stock are collectively referred to herein as the "Investors' Aggregate Holdings"; the Investors have accrued and continue to accrue the right to additional shares of Geospatial common stock due to the failure of Geospatial to timely register the Investors' Aggregate Holdings (the "Penalty Shares"); and Geospatial has issued some of the Penalty Shares to some of the Investors.

WHEREAS, the Investors were considering bringing claims against Geospatial and its Executives (the "Claims") arising out of allegedly fraudulent conduct relating to their purchases of common stock and/or preferred stock pursuant to the Offerings;

WHEREAS, Geospatial and its Executives deny that there is any basis to the Claims;

WHEREAS, the Parties previously executed and delivered a Settlement Agreement dated as of April 8, 2011 (the "Original Agreement") which provided for settlement of the Claims conditioned upon certain matters including the closing of an additional sale of Geospatial equity;

WHEREAS, the Original Agreement has expired as Geospatial did not close the additional sale of equity;

WHEREAS, the Parties have negotiated substitute settlement terms as set forth herein;

WHEREAS, Geospatial now plans to raise additional equity capital (whether in the form of common stock or preferred stock) of not less than the aggregate amount of \$3,500,000 (the "Anticipated Capital Raise"), each share of which will be sold and purchased at a price per share of stock to be determined and memorialized in the documents executed in connection with the Anticipated Capital Raise ("the Capital Raise Purchase Price");

WHEREAS, Geospatial previously executed and delivered a License and Distribution Agreement and a Subscription Agreement with Reduct NV (the "Reduct Agreements"), which Reduct Agreements have now expired;

WHEREAS, Geospatial will use all reasonable efforts to cause the term of the Reduct Agreements to be extended through January 15, 2012 and to cause the extended Reduct Agreements to require a \$3,500,000 Anticipated Capital Raise consistent with this Agreement; and

WHEREAS, the Parties desire to settle fully and finally, in the manner set forth herein, all disputes between them that have arisen and which constitute the subject matter of the Claims.

NOW, THEREFORE, for and in consideration of the recitals and mutual promises, covenants, and agreements set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties covenant, agree, and stipulate as follows:

1. **Issuance of Geospatial Stock to the Investors**

- a. Within 30 days of the closing of the Anticipated Capital Raise, Geospatial shall issue and provide to the Investors a certain number of shares (the "Settlement Shares") of stock of the same class and having the same voting and other rights (excepting registration rights as provided in Paragraph 1(f)) as the stock issued by the Company in the Anticipated Capital Raise. The issuance of the Settlement Shares shall hereinafter be referred to as the "Stock Issuance."
- b. If Geospatial effects the Anticipated Capital Raise by issuing stock of different classes or that has different voting or other rights, the Investors shall have the right to elect which security they shall receive as their Settlement Shares.
- c. The aggregate number of Settlement Shares that shall be issued to the Investors shall be computed on the following basis: First, the Investors' Aggregate Investment shall be converted into the number of shares of Geospatial stock that the Investors' aggregate investment would have represented had the Investors participated in the Anticipated Capital Raise. This shall be accomplished by dividing the Investors' Aggregate Investment by the Capital Raise Purchase Price (expressed in decimal form so that, for example, a fund raise at the price of \$0.50 per share of Geospatial stock would be .5). Second, the foregoing amount shall be multiplied by 0.6. Third, the Investors' Aggregate Holdings shall then be subtracted from the resulting number of shares as demonstrated below:

Investors' Aggregate Investment Capital Raise Purchase Price	=	Investors' Aggregate Holdings	=	Number of Settlement Shares
-----------------------------------------------------------------	---	----------------------------------	---	--------------------------------

For purposes of this Agreement, the Investors' Aggregate Holdings shall be the number of shares of common stock purchased by the Investors in the Offerings, whether or not the Investors currently own any or all of such shares.

For example, if the Capital Raise Purchase Price is ten cents (\$0.10) per share, an Investor who paid fifty cents (\$0.50) per share in the Offerings will receive 2 Settlement Shares for each share so purchased; an Investor who paid eighty cents (\$0.80) per share in the Offerings will receive 3.8 Settlement Shares for each share so purchased; and an Investor who paid One Dollar (\$1.00) per share in the Offerings will receive 5 Settlement Shares for each share so purchased.

- d. Within 5 days of the closing of the Anticipated Capital Raise, counsel for the Investors shall provide Geospatial and its Executives with a breakdown of how the aggregate number of Settlement Shares that shall be issued to the Investors is to be apportioned across the individual Investors.
- e. At least 5,000,000 of the shares that will be issued to the Investors in the Stock Issuance will be contributed by Smith from the nearly 12,500,000 shares he currently owns.
- f. Geospatial shall register the Investors' Aggregate Holdings, the Settlement Shares, the shares issuable upon exercise of the Settlement Warrants (as herein defined) and all shares that were issued from October, 2009 through May, 2010 with the Securities and Exchange Commission (to the extent still owned by the Investors at the time of registration) at the same time and on the same terms and conditions as the Reduct Affiliate Shares (as herein defined) as required by the Reduct Agreements.
- g. If Geospatial effects the Anticipated Capital Raise through the issuance of any convertible security, the Parties shall negotiate an alternate mechanism for issuing additional securities to the Investors so that the Investors are made whole. In such a circumstance, the Parties shall also re-negotiate the disposition of the 5,000,000 shares of Geospatial stock owned by Smith described in Paragraph 1(e).
- h. The Investors agree to suspend their right to receive any Penalty Shares. The Investors further agree that upon (i) Geospatial's extension of the term of the Reduct Agreements and its filing of a Form 8-K with the Securities and Exchange Commission regarding the Reduct Agreements as set forth in Paragraph 5, (ii) Geospatial's effectuation of the Anticipated Capital Raise as set forth in Paragraph 6 and (iii) Geospatial's completion of the Stock Issuance and the Warrant Issuance to the Investors as set forth herein, they shall waive and forever release Geospatial from its obligation to issue any Penalty Shares. (In such an event, the Investors' right to registration shall be solely based on the terms of the Reduct Agreements regarding registration as set forth in Paragraph 1(f)). Further, if an Investor has previously received any Penalty Shares, such shares shall be applied to such Investor's entitlement to Settlement Shares hereunder. If Geospatial fails to timely effect each of the matters described in (i)-(iii) above, the Investors shall be entitled to pursue and receive all Penalty Shares in accord with the Offerings documents.

2. Issuance of Warrants to the Investors.

- a. Within 30 days of the closing of the Anticipated Capital Raise, Geospatial shall issue and provide to the Investors a certain number of warrants to purchase shares (the "Settlement Warrants") of stock of the same class and having the same voting and other rights (excepting registration rights as provided in Paragraph 1(f)) as the stock issued by the Company in the Anticipated Capital Raise. The issuance of the Settlement Warrants shall hereinafter be referred to as the "Warrant Issuance."
- b. If Geospatial effects the Anticipated Capital Raise by issuing stock of different classes or that has different voting or other rights, the Investors shall have the right to elect which security they shall receive as their Settlement Warrants.
- c. The aggregate number of Settlement Warrants that shall be issued to the Investors shall be two (2) times the number of Settlement Shares. Thus, if the number of Settlement Shares is 26,294,180 (assuming a Capital Raise Purchase Price of \$0.10), the number of Settlement Warrants shall be 52,588,360.
- d. Settlement Warrants shall have an exercise price equal to two (2) times the Capital Raise Purchase Price.
- e. Settlement Warrants shall have a term of six (6) years.
- f. Within 5 days of the closing of the Anticipated Capital Raise, counsel for the Investors shall provide Geospatial and its Executives with a breakdown of how the aggregate number of Settlement Warrants that shall be issued to the Investors is to be apportioned across the individual Investors.

3. Mark A. Smith.

- a. Smith shall forfeit any and all warrants, options, or other rights that he currently holds to purchase or acquire shares of Geospatial common stock, preferred stock, or convertible securities. Furthermore, no new warrants, options, or other rights to purchase or acquire shares of Geospatial common stock, preferred stock, or convertible securities will be issued to Smith in connection with this Agreement, the Reduct Agreements described in Paragraph 5, or the Anticipated Capital Raise described in Paragraph 6.

- b. Smith shall not receive any additional shares of Geospatial stock pursuant to the transfer of securities described in Paragraph 1; Smith is expressly excluded from the group of investors who will receive securities in accordance with this Agreement.
- c. Within five (5) days of the closing of the Anticipated Capital Raise, Smith shall convey to Geospatial \$500,000 in value in a combination of Geospatial common stock (valued at the Capital Raise Purchase Price) and/or surrender/release of the right to receive amounts payable to Smith whether in the form of back pay, rent or other accounts receivable from Geospatial. The independent members of the Board shall determine whether this obligation shall be satisfied solely in Geospatial common stock, solely in surrender/release of amounts payable to Smith, or a combination thereof.
- d. Smith shall resign from his position as Chairman and CEO of Geospatial and shall resign from the Company's Board of Directors within 10 days of the closing of the Anticipated Capital Raise. If Smith fails to timely resign, the Board of Directors will convene a special meeting of

the Board within 20 days of the closing of the Anticipated Capital Raise, at which meeting the Board shall remove Smith from these positions. Concurrent with his execution of this Agreement, Smith shall also sign an irrevocable letter of resignation with respect to his positions at Geospatial that becomes effective automatically on the tenth day after the closing of the Anticipated Capital Raise.

- e. From and after 10 days after the closing of the Anticipated Capital Raise, Smith shall not serve in any executive position at Geospatial and no Geospatial employees shall report to Smith. Smith shall report directly to the CEO of Geospatial, who shall have the authority to terminate Smith's employment with the Company at any time at will, *i.e.*, with or without cause, and with or without notice. No severance compensation shall be owed by the Company to Smith in the event that Smith is terminated for any reason.

4. Deferral of Pursuit of Claims. The Investors shall take no further action in pursuit of the Claims for a period commencing on the Effective Date and continuing through January 15, 2012 (the "Deferral Period").

5. Reduct Agreements. Geospatial shall extend the term of the Reduct Agreements prior to the end of the Deferral Period and shall close the Anticipated Capital Raise prior to the end of the Deferral Period, which will in turn cause the Reduct Agreements to become effective.

6. Anticipated Capital Raise. Geospatial shall raise additional equity capital (whether in the form of common stock or preferred stock) of not less than \$3,500,000.00 prior to the end of the Deferral Period. As a condition precedent to the settlement set forth herein (including the Investors' acceptance of the Stock Issuance and the Warrant Issuance and the Investors' release and other obligations hereunder), Messrs. Thomas Ridge, Timothy Sutherland and David Dresner shall provide not less than \$700,000.00 of such additional equity capital.

7. Tolling of Applicable Statutes of Limitation. In the event that Geospatial (i) does not complete the Stock Issuance and the Warrant Issuance to the Investors as set forth in Paragraph 1, (ii) does not extend the term of the Reduct Agreements and cause them to become effective (as evidenced by Geospatial's filing of a Form 8-K with the Securities and Exchange Commission) prior to the end of the Deferral Period as set forth in Paragraph 5, or (iii) fails to effect the Anticipated Capital Raise prior to the end of the Deferral Period as set forth in Paragraph 6, the Investors may file a lawsuit against Geospatial and its Executives regarding the Claims at any time through and including March 31, 2012 and Geospatial and its Executives agree that they will not raise a defense of the running of any statute of limitations, statute of repose or other rule, provision, defense or principle based upon the passage of time (including, without limitation, waiver, estoppel, and laches) if such a lawsuit is filed on or prior to March 31, 2012.

If, at any time within five (5) years after the Effective Date, Geospatial seeks protection in bankruptcy, files a voluntary petition for bankruptcy, or is the subject of an involuntary petition for bankruptcy, the Investors may file a lawsuit against Geospatial and its Executives regarding the Claims at any time through and including October 14, 2016 and Geospatial and its Executives agree that they will not raise a defense of the running of any statute of limitations, statute of repose or other rule, provision, defense or principle based upon the passage of time (including, without limitation, waiver, estoppel, and laches) if such a lawsuit is filed on or prior to October 14, 2016.

8. General Releases. Upon (i) the completion of the Stock Issuance and the Warrant Issuance to the Investors as set forth in Paragraph 1, (ii) Geospatial's extension of the term of the Reduct Agreements and its filing of a Form 8-K with the Securities and Exchange Commission regarding the Reduct Agreements as set forth in Paragraph 5, and (iii) and Geospatial's effectuation of the Anticipated Capital Raise as set forth in Paragraph 6, the Parties will be deemed to have exchanged the following releases:

- a. Investors hereby waive, discharge and forever release Geospatial and its Executives, Convertible Capital, Trump Securities, LLC, Bob Taggart, and Troy Taggart (and each of their respective successors, assigns, officers, directors, managers, employees, members, equity holders, partners, governors, beneficiaries, insurers, agents, contractors or subcontractors, attorneys and representatives) with respect to any and all claims, counterclaims, agreements, promises, demands, damages, obligations, liabilities, costs, charges, penalties, fees, expenses, suits, disputes, actions and causes of action, direct or indirect, past, present or future, whether at law or in equity and whether liquidated or unliquidated, known or unknown, asserted, unasserted, contingent or otherwise, of any nature whatsoever, whenever and however incurred, which Investors may have, claim or assert, whether individually or collectively, directly, indirectly, representatively, derivatively or in any other capacity, arising from the facts and circumstances of the Claims or in any manner related to the Offerings or the Investors' ownership of Geospatial stock. This release is not intended to be, and shall not be construed as, a release of any of the obligations created by this Agreement.

- b. Geospatial and its Executives hereby waive, discharge and forever release each of the Investors, Convertible Capital, Bob Taggart, and Troy Taggart (and each of their respective successors, assigns, officers, directors, managers, employees, members, equity holders, partners, governors, beneficiaries, insurers, agents, contractors or subcontractors, attorneys and representatives) with respect to any and all claims, counterclaims, agreements, promises, demands, damages, obligations, liabilities, costs, charges, penalties, fees, expenses, suits, disputes, actions and causes of action, direct or indirect, past, present or future, whether at law or in equity and whether liquidated or unliquidated, known or unknown, asserted, unasserted, contingent or otherwise, of any nature whatsoever, whenever and however incurred, which Geospatial and its Executives may have, claim or assert, whether individually or collectively, directly, indirectly, representatively, derivatively or in any other capacity, arising from the facts and circumstances of the Claims or in any manner related to the Offerings or the Investors' ownership of Geospatial stock. This release is not intended to be, and shall not be construed as, a release of any of the obligations created by this Agreement.

9. Bankruptcy Proceedings; Invalidation of General Release. If, at any time within five (5) years after the Effective Date, Geospatial seeks protection in bankruptcy, files a voluntary petition for bankruptcy, or is the subject of an involuntary petition for bankruptcy, the release given by the Investors in Paragraph 8(a) to Geospatial and its Executives shall immediately become null and void; in such a case, the Investors may file a lawsuit against Geospatial and its Executives regarding the Claims. The releases given by the Investors to Convertible Capital, Trump Securities, LLC, Bob Taggart, and Troy Taggart are not affected by this Paragraph and will become irrevocable upon the occurrence of the conditions (i) through (iii) specified in Paragraph 7.

10. Similar Agreements. It is anticipated that Geospatial will offer certain other investors in the Offerings similarly situated to the Investors (the "Non-Claimants") the opportunity to obtain additional shares of Geospatial common stock and additional warrants to purchase additional shares of Geospatial common stock on the same terms and conditions as set forth herein with respect to the Stock Issuance and the Warrant Issuance if and only if such Non-Claimants purchase additional Geospatial securities in the Anticipated Capital Raise. In the event that Geospatial enters into any agreement with any Non-Claimant under which Geospatial agrees to issue additional Geospatial securities (in any form) to that Non-Claimant for the purpose of making that Non-Claimant whole (a "Similar Agreement"), then:

-
- a. The Similar Agreement shall not include any term or condition that is more favorable to that Non-Claimant than if that Non-Claimant had been a Party to this Settlement Agreement;

- b. A Non-Claimant will be entitled to the full amount of Settlement Shares and Settlement Warrants as set forth in Paragraph 1 hereof if and only if the Non-Claimant invests in the Anticipated Capital Raise in the same dollar amount as in the Offerings. If the Non-Claimant invests in the Anticipated Capital Raise at a reduced dollar amount, his or her entitlement to received Settlement Shares and Settlement Warrants shall be proportionately reduced. For example, if a Non-Claimant invests in the Anticipated Capital Raise at fifty percent (50%) of the dollar amount he or she invested in the Offerings, the Non-Claimant shall only be entitled to fifty percent (50%) of the Settlement Shares and Settlement Warrants which would have been issued if the Non-Claimant had invested in the Anticipated Capital Raise in the same dollar amount as he or she invested in the Offerings;
- c. The Similar Agreement shall require that Non-Claimant to provide a general release of claims against Convertible Capital, Trump Securities, LLC, Bob Taggart, and Troy Taggart that is identical to the general release of claims provided for in Paragraph 7; and
- d. The foregoing provisions of this Paragraph 10 shall not apply to the anticipated common stock issuance to an affiliate of Reduct NV (the "Reduct Affiliate Shares") pursuant to the Reduct Agreements (*i.e.*, the issuance of common stock equal to 18% of all shares of Geospatial common stock outstanding after the Anticipated Capital Raise, the Stock Issuance, and the issuance of shares to the Non-Claimants as set forth above).

11. No Admission of Liability. This Agreement is not and shall not be construed as an admission or concession of any liability by any of the parties hereto. Neither this Agreement nor any of its provisions nor related comments, nor evidence of any negotiations in pursuit of this Agreement, shall be offered or received in any action or proceeding as an admission or concession of any liability whatever on the part of any party hereto.

12. Enforcement. In the event that a lawsuit has to be filed to enforce the terms of this Agreement, or if it is alleged that there were any misrepresentations by any party during the negotiation of this agreement, the non-prevailing Party(ies) shall be liable for, and will pay to, the prevailing Party(ies) all costs and expenses, including, but not limited to, reasonable attorney's fees incurred by the prevailing Party(ies) in the enforcement, defense or interpretation in any respect of any of its rights under this Agreement, whether in litigation or otherwise.

13. Expenses. Each of the Parties shall be responsible for the payment of their own costs and expenses (including attorney's fees) in connection with the matters referred to in this Agreement. Except for Geospatial's reimbursement of up to \$5,000.00 of Investors' attorneys fees within five (5) days after the closing of the Anticipated Capital Raise, Jeffrey Parket shall be responsible for the payment of the Investors' costs and expenses (including attorney's fees) in connection with the matters referred to in this Agreement (including any costs or expenses (including attorney's fees) related to the filing and prosecution of a lawsuit related to the Claims), unless any of the Investors engages independent attorneys to advise them on this Agreement or the Claims, in which case Jeffrey Parket shall not be responsible for the payment of costs and expenses (including attorney's fees) relating to or resulting from such an engagement of independent attorneys.

14. Confidentiality and Non Disparagement. The Parties shall keep this Agreement confidential and shall not disclose its existence or the contents of this Agreement, and this Agreement shall not be offered or received in evidence, nor shall the Agreement be admissible in any trial or civil proceedings, except that its existence and contents may be disclosed (i) as may be required by subpoena or other legal process under applicable federal or state statutes or regulations, court order or in connection with its enforcement or as otherwise required by law; or (ii) in the ordinary course of business by any Party to a government or regulatory agency upon the request of such agency; or (iii) to the Parties' respective accountants, auditors or attorneys (including in-house and outside counsel) on a confidential and need-to-know basis. Further, it is understood and agreed that Geospatial will disclose this Agreement via the filing of a Form 8-K with the Securities and Exchange Commission and will further disclose this Agreement in connection with its efforts to effect the Anticipated Capital Raise. Should any person or entity seek access to this Agreement from any Party, by request, subpoena or otherwise, such Party shall (a) promptly notify the other Party in writing to its attorney identified below of the requested access, (b) notify in writing the person or entity requesting access that this Agreement is confidential, and (c) prior to responding to any such request or subpoena, shall permit the other Party the time prescribed by any applicable statute or Rule of Civil Procedure to resist any efforts by any person or entity to obtain this Agreement from the Parties hereto. If any Party objects to disclosure, its undertaking to maintain confidentiality of the Agreement shall be at its own expense. Each of the Parties agrees that throughout the Deferral Period such Party shall not make or cause to be made any statements which disparage, are inimical to, or seek to damage the reputation of any other Party.

15. Entire Agreement. This Agreement constitutes the entire Agreement of the parties, and supersedes all prior and contemporaneous negotiations and agreements, oral or written (including but not limited to the Original Agreement). All prior and contemporaneous negotiations and agreements are deemed incorporated and merged into this Agreement and are deemed to have been abandoned if not so incorporated. No representations, oral or written, are being relied upon by either party in executing this Agreement other than the express representations of this Agreement.

16. Amendments. No amendment or waiver of any provision of this Agreement nor consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by each of the Parties hereto.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its conflicts of law provisions.

18. Agreement Drafting. Each Party hereto has relied on the advice and assistance of competent legal counsel of its own selection, has read and fully understands the Agreement, and has been fully advised as to its legal effect. Accordingly, the language contained within and comprising the substance of this Agreement shall not presumptively be construed either in favor of or against any Party on the grounds that it drafted this Agreement.

19. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

20. Authority. Each Party hereto represents and warrants, as of the date hereof, that it has the corporate power and authority to execute and deliver this Agreement, that this Agreement constitutes a legal, valid and binding obligation of such Party, and that each person executing this Agreement on behalf of such Party is fully authorized to execute this Agreement on behalf of said Party.

21. Further Assurances. Each Party hereto shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations, or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

22. Notices. All notices and other communications pursuant to related to this Agreement shall be in writing and shall be delivered by e-mail to the e-mail addresses specified below:

Address for notices or communications to the Investors:

Jeff Ross
Kelly K. Pierce
ROSS & ORENSTEIN LLC
222 South Ninth Street, Suite 470
Minneapolis, MN 55402-3389

Addresses for notices or communications to Geospatial and its Executives:

Mark A. Smith
Geospatial Holdings, Inc.
229 Howes Run Road
Sarver, PA 16055
Telephone: (724) 353-3400
Facsimile: (724) 353-3049

mark@geospatialcorporation.com

with a copy to:
James E. Baker, Jr.
BAXTER, BAKER, SIDLE, CONN & JONES, P.A.
SunTrust Bank Building, Suite 2100
120 E. Baltimore St
Baltimore, MD 21202
Telephone: (410) 385-8122
Facsimile: (410) 230-3801

jbaker@bbsclaw.com

23. Execution. This Agreement may be executed in identical counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one agreement. Facsimile or electronic copies of signatures on this Agreement shall be deemed valid and original.

24. Stockholders Approval. In order to effect all of the common stock issuances referenced hereunder, Geospatial may convene a meeting of its stockholders or obtain a written consent of stockholders to approve an increase in its authorized capital. In such an event, the Investors agree to vote all of the shares of stock they own in favor of such an increase; further, in the event the Investors sell or transfer any shares of Geospatial common stock prior to any such vote, they agree to obtain irrevocable proxies to vote such shares as set forth above.

25. Directors' and Officers' Liability Insurance. Geospatial shall maintain directors' and officers' liability insurance until October 14, 2016 at a level (including, but not limited to, amounts, deductibles, scope and exclusions) commensurate with its current directors' and officers' liability insurance.

WHEREFORE, the Parties have caused this Agreement to be executed as of the date first written above.

Date: 10-27-11 **BRAD BROOKS**
/s/ Brad Brooks

Date: 10-25-11 **KENNETH CALLIGAR**
/s/ Kenneth Calligar

Date: _____ **JEREMY CARTON**
/s/ Jeremy Carton

Date: 10-26-11 **JONATHAN CUNNINGHAM**
/s/ Jonathan Cunningham

Date: 10-24-11 **WILLIAM DENKIN**
/s/ William Denkin

Date: 10-26-11 **OMAR HASAN**
/s/ Omar Hasan

Date: 10-25-11 **J. MITCHELL HULL**
/s/ J. Mitchell Hull

Date: 10-24-11 **JONATHAN KALIKOW**
/s/ Jonathan Kalikow

Date: 10-24-11 **BENJAMIN KLOPP**
/s/ Benjamin Klopp

GILBERT LI

Date: 10-26-11

/s/ Gilbert Li

MICHAEL LLOYD

Date: 10-24-11

/s/ Michael Lloyd

MICHAEL MATLIN

Date: 10-26-11

/s/ Michael Matlin

NOEL MELLER

Date: 10-24-11

/s/ Noel Meller

RAYMOND MINELLA

Date: 10-25-11

/s/ Raymond Minella

JEFFREY MOSKOWITZ

Date: 10-24-11

/s/ Jeffrey Moskowitz

RAYMOND MURPHY

Date: 10-25-11

/s/ Raymond Murphy

JEFFREY PARKET

Date: 10-24-11

/s/ Jeffrey Parket

DAVID PRITCHARD

Date: 10-26-11

/s/ David Pritchard

ARTHUR RABIN

Date: _____

/s/ Arthur Rabin

JASON RABIN

Date: _____

/s/ Jason Rabin

ANDREA ROSEN

Date: 10-25-11

/s/ Andrea Rosen

MARK ROSEN

Date: 10-25-11

/s/ Mark Rosen

SCOTT SKLAR

Date: 10-25-11

/s/ Scott Sklar

DAVID SODOWICK

Date: 10-26-11

/s/ David Sodowick

JONATHON SOPHER

Date: 10-25-11

/s/ Jonathon Sopher

TRUMP SECURITIES, LLC

Date: 10-24-11

By: /s/ Carl Goodman

Title: Manager

ADAM WACHTER

Date: 10-26-11

/s/ Adam Wachter

FLORINE WACHTER

Date: 10-26-11

/s/ Florine Wachter

JULES WACHTER

Date: 10-26-11

/s/ Jules Wachter

ADAM ZIRKIN

Date: 10-26-11

/s/ Adam Zirkin

GEOSPATIAL HOLDINGS, INC.

Date: _____

By: /s/ Mark A. Smith

Title: President

MARK A. SMITH

Date: _____

/s/ Mark A. Smith

THOMAS R. OXENREITER

Date: _____

/s/ Thomas R. Oxenreiter

■ [EX-99.1 5 ex-99_1.htm PRESS RELEASE](#)

[Geospatial Holdings, Inc. 8-K](#)

Exhibit 99.1

□

Geospatial Secures Bridge Loan and Enters Into Amended and Restated Settlement Agreement with Investor Group

PITTSBURGH, PA December 16, 2011 -- Geospatial Holdings, Inc. (OTC Bulletin Board "GSPH") (Geospatial) has received the proceeds of a \$300,000 bridge loan. Under the terms of the associated promissory note and security agreement, Geospatial is obligated to repay the loan principal, together with interest accrued thereon at the rate of 10% per annum, at the earlier of June 2, 2012 or 10 days following its closing on an equity raise of at least \$3.5 million. The loan is secured by Geospatial equipment with a net book value of approximately \$350,000. As further consideration for the loan, Geospatial issued the lender a warrant, which expires in December 2016, to purchase 3.0 million shares of its common stock at \$0.10 per share.

In November 2011, Geospatial entered into an amended and restated settlement agreement (new agreement) with 29 investors that purchased shares of its capital stock in private placements in October and December 2009 and March 2010. The new agreement replaces the April 2011 settlement agreement (initial agreement) with investors who threatened to file a lawsuit against Geospatial and its officers relating to their purchases of \$5.5 million of capital stock issued in connection with the offerings.

The initial agreement required Geospatial to raise at least \$5.0 million of additional equity capital by August 12, 2011 as a condition for the investors' agreement to forever waive their right to pursue their claims against Geospatial and its officers, except in the event Geospatial files for bankruptcy. Since Geospatial has not raised the minimum equity capital required under the initial agreement, a new agreement has been negotiated with the investors which reduces the minimum equity raise to \$3.5 million and extends the deadline for closing on the equity offering to January 15, 2012. The investors have agreed not to pursue their claims through January 15, 2012 to afford Geospatial the opportunity to raise the additional funds.

Following the closing of an equity offering of at least \$3.5 million, Geospatial will issue additional shares of Geospatial stock to the investors. Under the new agreement, each such investor will be granted additional shares so that the aggregate number of shares issued to such investor related to the offerings and the settlement will equal 60% of the investor's aggregate investment in the offerings divided by the per share price at which Geospatial effects its anticipated offering.

- MORE -

Geospatial Holdings, Inc.

Thus, the investors will be treated as if they had purchased all of their shares at approximately 167% of the offering price to be established in the upcoming offering. Under the initial agreement, investors were to be treated as if they had purchased all of their shares at 100% of the offering price.

As consideration for the reduction in shares granted to the investors under the new agreement, Geospatial has agreed to issue warrants to purchase its common stock exercisable at two times the offering price. At closing, the investors will be issued warrants to purchase two shares of common stock for each share of common stock they are issued under the new agreement. The warrants will be issued following the closing of the anticipated offering and will expire six years after issuance.

Other unaffiliated investors purchased \$6.4 million of Geospatial capital stock in the October 2009 through March 2010 private placements. While these investors have not raised allegations of misconduct against Geospatial or its officers, the Board of Directors has concluded that such investors should be entitled to additional shares and warrants consistent with the terms outlined above provided they invest the same amount in the new offering as they invested in the 2009/2010 private placements.

If such investors invest a lesser amount in the new offering, shares and warrants to which they are entitled would be reduced proportionately. Thus, if an unaffiliated investor purchases shares in the new offering equal in value to 70% of their investment in the 2009/2010 private placements, additional shares and warrants to which they would be entitled had they purchased 100% of their 2009/2010 investment would be reduced by 30%.

The new settlement agreement also requires Geospatial to extend its license and distribution agreement with Reduct NV. Geospatial intends to negotiate an extension of the Reduct agreement, which expired May 31, 2011.

About Geospatial Holdings, Inc.

Geospatial Holdings, Inc. utilizes proprietary technologies to determine the accurate location and position of underground pipelines, conduits and other underground infrastructure data allowing Geospatial to create accurate three-dimensional (3D) digital maps and models of all underground infrastructure. Our website is www.GeospatialHoldings.com.

Geospatial Holdings, Inc.

Licensed users, for the first time, have available to them a suite of technologies allowing them to collect data and create highly accurate 3D maps and models of both above-ground and below-ground infrastructure and view and share this invaluable information in a secure manner with their peers and associates anywhere in the world through a conventional browser via the internet.

Geospatial provides proprietary data acquisition technologies which accurately locate and map underground and above ground infrastructure assets such as pipelines and surface features and manages that data via its GeoUnderground web-based portal.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. The Company makes forward-looking statements in this news release that represent the Company's beliefs or expectations about future events or financial performance. These forward-looking statements are based on information currently available to the Company and on management's beliefs, assumptions, estimates and projections and are not guarantees of future events or results. When used in this document, the words "anticipate," "estimate," "believe," "plan," "intend," "may," "will" and similar expressions are intended to identify forward looking statements, but are not the exclusive means of identifying such statements. Such statements are subject to known and unknown risks, uncertainties and assumptions, including those referred to in the "Risk Factors" section of the Company's Annual Report on Form 10-K. for the year ended December 31, 2009 and in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Report on Form 8-K filed with the Commission. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. In addition, our actual results may vary materially from those anticipated, estimated, suggested or projected. Except as required by law, we do not assume a duty to update forward-looking statements whether as a result of new information, future events or otherwise. Investors should, however, review additional disclosures made by the Company from time to time in its periodic filings with the Securities and Exchange Commission. Please use caution and do not place reliance on forward-looking statements. All forward-looking statements made by the Company in this news release are qualified by these cautionary statements.

SOURCE: Geospatial Holdings, Inc.



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