

**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): April 11, 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.

License and Distribution Agreement

On April 11, 2011, Geospatial Holdings, Inc. (the "Company") entered into a License and Distribution Agreement (the "License Agreement") with Reduct NV ("Reduct"), a company organized and existing under the laws of Belgium, and only with respect to the cancellation of warrants and receipt of common stock of the Company pursuant to Section XV thereof, Delta Networks Limited SA ("Delta"), a company incorporated under the laws of Luxembourg and owner of all outstanding capital stock of Reduct. The License Agreement shall become effective (the "Effective Date") upon (i) the closing by the Company of a new round of common stock financing in an amount that equals or exceeds \$5 million in cash on or before May 31, 2011; (ii) the issuance of 18% of the common stock of the Company to Delta; and (iii) the execution of a Subscription Rights Agreement (the "Subscription Agreement") by the Company and Delta. The Term of the Agreement (the "Term") is from April 5, 2011 to December 31, 2020. The License Agreement releases the Company from any and all agreements currently outstanding, including forgiveness of any past due license fees and minimum purchase obligations.

Pursuant to the License Agreement, Reduct will grant the Company License (the "License") to market, advertise, promote, distribute, use, offer for sale, sell, import from Reduct, and lease Reduct's Probe Products ("Probe Products") for use in the territories of North America, South America, and Australia (the "Territories"). The Company shall purchase and make payment in cash for 27 Reduct Probe Products by December 31, 2011, and a total cumulative number of 110 Probe Products by December 31, 2012 (the "Initial Period"). During the Initial Period, the License shall be a non-exclusive License. If at any time on or before December 31, 2012, the Company purchases a cumulative number of 110 Probe Products, the License becomes an exclusive License, and will remain an exclusive License (the "Exclusive License Period") provided the Company meets certain purchase requirements ("Exclusive License Purchase Requirements"). If at any time following the Initial Period, the Company fails to meet the Exclusive License Purchase Requirements, the License shall become a non-exclusive License for the remainder of the term. During the Exclusive License Period, the Company will be granted a non-exclusive License for the additional territories of Russia, Oman, Jordan, Abu Dhabi, and Qatar.

Pursuant to the License Agreement, Reduct will grant the Company a Volume Rebate (the "Volume Rebate") of \$5 million, which may be applied against the purchase price of certain eligible Probe Products ("Eligible Probe Products"). Initially, and in any quarter following a quarter in which the Company did not meet its Exclusive License Purchase Requirements, the Company may apply the Volume Rebate to 25% of the cost of Eligible Probe Products. In any quarter following a quarter in which the Company exceeded its Exclusive License Purchase Requirements, the Company may apply the Volume Rebate to 50% of the cost of Eligible Probe Products.

During the Term of the License Agreement, the Company shall pay Reduct five percent (5%) of the Company's revenues (the "Additional Revenue Percentage"). Initially, the Company shall pay two percent (2%) of the Company's revenues to Reduct on a quarterly basis, and the remaining three percent (3%) shall accrue until the Volume Rebate is exhausted, at which time such accrued amounts shall be paid quarterly over a period of one year. Following the exhaustion of the Volume Rebate, the Additional Revenue Percentage shall be paid in full quarterly.

During the Initial Period through December 31, 2012, provided that the Company is in compliance with the terms of the License Agreement, Reduct shall pay to the Company a fee (the "Fee") of ten percent (10%) of the sale or rental price of Probe Products that Reduct sells directly or indirectly in the Territories. During the Exclusive License Period, the Company will continue to be entitled to the Fee on sales of Probe Products sold by Reduct under Reduct contracts concluded prior to December 31, 2012, which may continue into the Exclusive License Period.

Subscription and Rights Agreement

In consideration for the License Agreement, the Company cancelled Delta's warrants to purchase 3,500,000 shares of the Company's common stock, and the Company and Delta entered into a Subscription and Rights Agreement (the "Subscription Agreement") on April 11, 2011.

Pursuant to the Subscription Agreement, the Company agreed to issue to Delta within five days of the Effective Date of the License Agreement the number of shares of the Company's common stock required to bring Delta's ownership of the Company's capital stock to 18% of the sum of (i) the Company's outstanding capital stock; and (ii) outstanding warrants and options to purchase the Company's capital stock that are currently exercisable at a price less than the average closing price of the Company's capital stock in the five trading days preceding the Effective Date.

In addition, the Company must, at the beginning of each calendar quarter starting July 1, 2011, and continuing for a period of eight (8) years from the effective date, issue to Delta an additional number of shares of the Company's common stock (the "Additional Shares") required to bring Delta's ownership of the Company's capital stock to 18% of the sum of (i) the Company's outstanding capital stock; and (ii) outstanding warrants and options to purchase the Company's capital stock that are currently exercisable at a price less than the average closing price of the Company's capital stock in the five trading days preceding the beginning of such calendar quarter. Any shares acquired or disposed by Delta shall be disregarded for the purpose of calculating the number of Additional Shares. Any and all rights attached to shares of the Company's capital stock issued after the Effective Date that are more favorable than those attached to Delta's shares shall also attach to Delta's shares.

Settlement Agreement

The Company entered into a Settlement Agreement (the "Settlement Agreement") dated April 8, 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 Investors threatened to promptly file a lawsuit against Geospatial and its officers relating to their purchases of \$5.5 million of capital stock issued in connection with the Private Placements.

The Company's Board of Directors (the "Board") unanimously approved the Settlement Agreement. While disputing all claims of misconduct by the Company's officers, the Board concluded that the Company would be unable to raise essential equity capital if the Company did not enter into the Settlement Agreement. Further, the Board concluded that without new equity capital, the Company would be unable to continue in business as a going concern, resulting in a complete loss of investment value for all of the Company's shareholders.

The Investors have agreed not to pursue their claims for a period of 120 days, during which the Company plans to raise additional equity capital. Provided the Company raises at least \$5 million in new equity capital before the expiration of 120 days, the Investors have agreed 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.

Following the closing of an equity offering of at least \$5 million (the "Anticipated Capital Raise"), the Company has agreed that the Investors will be granted additional shares of the Company's common stock. Each such Investor will be granted additional shares so that the aggregate number of shares issued to such Investor related to the offerings and settlement will equal the Investors' aggregate investment in the offerings divided by the price per shares at which the Company effects its anticipated offering. Thus, the Investors will be treated as if they had purchased all their shares at the offering price to be established in the Anticipated Capital Raise.

Other unaffiliated investors purchased \$6.4 million of the Company's capital stock in the Private Placements. While these investors have not raised allegations of misconduct against the Company or its officers, the Company's Board has concluded that such investors should be treated equitably with the investors that are party to the Settlement Agreement. Accordingly, the Company plans to offer all such investors settlements consistent with the terms outlined above.

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 License Agreement, the Subscription Agreement, and the Settlement Agreement, which are attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2, and 10.3, respectively.

Item 3.02 Unregistered Sales of Equity Securities.

Pursuant to the License and Subscription Agreements, the Company agreed to issue Delta 18% of its common stock upon the closing by the Company of a new round of common stock financing in an amount that equals or exceeds \$5 million in cash. In addition, the Company must, at the beginning of each calendar quarter starting July 1, 2011, and continuing for a period of eight (8) years from the effective date, issue to Delta Additional Shares of the Company's common stock required to bring Delta's ownership of the Company's capital stock to 18% of the sum of (i) the Company's outstanding capital stock; and (ii) outstanding warrants and options to purchase the Company's capital stock that are currently exercisable at a price less than the average closing price of the Company's capital stock in the five trading days preceding the beginning of such calendar quarter. Any shares acquired or disposed by Delta shall be disregarded for the purpose of calculating the number of Additional Shares. Any and all rights attached to shares of the Company's capital stock issued after the Effective Date that are more favorable than those attached to Delta's shares shall also attach to Delta's shares. The transactions contemplated pursuant to the License and Subscription Agreements will take place in a private placement pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") provided by Regulation D, and the Company will conduct the private placement without any general solicitation or advertisement and with a restriction on resale.

Pursuant to the Settlement Agreement, the Company has agreed that the Investors will be granted additional shares of the Company's common stock following the Anticipated Capital Raise. Each Investor will be granted additional shares so that the aggregate number of shares issued to such Investor related to the offerings and settlement will equal the Investors' aggregate investment in the offerings divided by the price per shares at which the Company effects its anticipated offering. Thus, the Investors will be treated as if they had purchased all their shares at the offering price to be established in the Anticipated Capital Raise. The transactions contemplated pursuant to the Settlement Agreement will take place in a series of 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.

Item 5.02. Departure of Directors or Certain Officers.

On April 11, 2011, Company's Chief Executive Officer and Director Mark A. Smith has agreed to resign his positions of Chief Executive Officer and Director of the Company upon the tenth day following the closing of the Anticipated Capital Raise. There were no known disagreements between the Company and Mr. Smith on any matters relating to the Company's operations, policies or practices.

Upon the effectiveness of Mr. Smith's resignation, the Board intends to appoint David Dresner to succeed Mr. Smith as CEO. Further, Timothy Sutherland would become non-executive chairman of the Company's Board of Directors, while Thomas Ridge will continue to serve as a member of the Board. Mr. Dresner is the former CEO of Statoil Energy (a division of StatoilHydro) and a 20 year veteran of Pricewaterhouse Coopers where he served as Office Managing Partner. Mr.

Item 7.01. Regulation FD Disclosure.

On April 13, 2011, the Company issued press releases announcing its entry into the License Agreement, the Subscription Agreement, and the Settlement Agreement (as discussed in Items 1.01, 3.02 and 5.02 hereof). The press releases are furnished as Exhibits 99.1 and 99.2 hereto, and are 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	License and Distribution Agreement dated April 5, 2011 by and among Reduct NV, Geospatial Holdings, Inc., Geospatial Mapping Systems, Inc., and Delta Networks SA.
10.2	Subscription and Rights Agreement dated April 5, 2011 between Geospatial Holdings, Inc. and Delta Networks SA.
10.3	Settlement Agreement dated April 8, 2011 among Geospatial Holdings, Inc., Mark A. Smith, Thomas R. Oxenreiter, and certain investors.
99.1	Press release dated April 13, 2011.
99.2	Press release dated April 13, 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

Title: Chief Financial Officer

Date: April 13, 2011

EX-10.1 2 ex-10_1.htm LICENSE AND DISTRIBUTION AGREEMENT

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

Exhibit 10.1

LICENSE AND DISTRIBUTION AGREEMENT

This License and Distribution Agreement (the "Agreement") is entered into this 5th day of April, 2011 and shall become effective upon (i) the closing by Licensee of a new round of common stock financing in an amount that equals or exceeds five million (USD 5,000,000) in cash and provided that such closing occurs on or before 31 May 2011; and (ii) the issuance to Delta Networks of eighteen percent (18%) of Geospatial common stock and (iii) the signing by Geospatial and Delta Networks of the Subscription And Rights Agreement of same date as the date of this Agreement (the "Effective Date"), by and among Reduct NV, a company organized and existing under the laws of Belgium with a registered office at Molenberglei 42, B-2627 Schelle, Belgium ("Reduct"), Geospatial Holdings, Inc. ("Geospatial"), a Nevada corporation having an office and its principal place of business at 229 Howes Run Road, Sarver, Pennsylvania 16055, on behalf of itself and its wholly owned subsidiary Geospatial Mapping Systems, Inc. ("Licensee"), and only with respect to the cancellation of warrants hereof and the receipt of Geospatial common stock pursuant to Article XV hereof, Delta Networks, SA, a company incorporated under the laws of Luxembourg ("Delta Networks").

RECITALS

WHEREAS, Reduct and Licensee entered into that Amended & Restated Exclusive License and Distribution Agreement on December 15, 2009, as subsequently amended (together, with the amendments, the "Previous Agreement"), pursuant to which Reduct granted to Licensee an exclusive right and license to promote, market, use, and distribute certain Reduct products and technology;

WHEREAS, the Previous Agreement has been terminated on the terms set forth therein;

WHEREAS, Reduct and Geospatial have concluded on January 18, 2011 a summary of terms that constitute a Letter of Intent, subject to approval of the parties' Board of Directors, with the intent to amend and replace the Previous Agreement, including a mutual agreement that any suit or claims that either Reduct or Geospatial may assert under the Previous Agreement will be vacated;

WHEREAS, Reduct and Licensee desire to enter into this new Agreement so that the surviving provisions of the Previous Agreement are of no further force and effect so that this Agreement constitutes the entire new understanding between the parties;

WHEREAS, pursuant to the Previous Agreement, Reduct and Delta Networks hold outstanding warrants in Licensee, which such warrants Delta Networks hereby desires to agree to cancel under certain conditions set forth in Article XV hereof;

WHEREAS, Licensee hereby vacates any suit or claims that Geospatial may assert under the Previous Agreement;

WHEREAS, Reduct hereby vacates any suit or claims that Reduct may assert under the Previous Agreement under certain conditions set forth in Article XV

WHEREAS, Licensee hereby agrees that Delta Networks shall receive at the Effective Date and thereafter for a term of eight (8) years Geospatial common stock required to bring Delta Networks' ownership into Geospatial common stock to the equivalent of 18%, as set forth in general in Article XV hereof, and in specific in the Subscription Rights Agreement of same date as the date of this Agreement.

WHEREAS, pursuant to this new Agreement, Reduct shall provide Licensee with the exclusive, or non-exclusive, as applicable, right to serve as licensee and distributor for the Products to any individual or entity for use in the jurisdictions of the Territory and an exclusive, or non-exclusive, as applicable, right to market, advertise, promote, distribute, use, offer for sale, sell, direct import from Reduct, and lease the Products, for use in the Territory (the "License");

WHEREAS, Reduct's intent is to provide Licensee with reasonable protection for Licensee to achieve the level of License exclusivity consistent with that provided in the Previous Agreement.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth below, the parties agree as follows:

ARTICLE I: CONDITIONS OF (i) APPOINTMENT, and (ii) EXCLUSIVENESS

1.1 Territory License Grant. As a condition of the appointment and the License grant, Licensee shall, as from the Effective Date of this Agreement, purchase from and make payment in cash to Reduct (the "Purchase" or "Purchases") a number of 27 Reduct Probe Products by December 31, 2011 and a total cumulative number of 110 Probe Products by December 31, 2012 (the "Initial Period").

During the Initial Period, the License shall be non-exclusive and for the territories of North America, Australia, and South America (the "Territory"). Notwithstanding the above, if at any time up to and including December 31, 2012, Licensee Purchases a total cumulative number of 110 Reduct probes, the License shall immediately convert to an exclusive license for the duration of the Term ("Exclusive License Period"), provided that Licensee meets at any time from December 31, 2012 onwards, the cumulative minimum Probe Product purchase requirements on a semi-annual basis pursuant to Exhibit B hereof ("Exclusive License Purchase Requirements"). Notwithstanding the foregoing, Licensee's orders on a quarterly basis shall not deviate from the Exclusive License Purchase Requirements to less than fifty percent (50%). Licensee shall correct such deviations, if any, in the subsequent quarter(s).

If at any time following the Initial Period, Licensee does not meet the cumulative minimum Probe Product purchase requirements on a semi-annual basis pursuant to Exhibit B hereof, the License shall remain, or again become a non-exclusive license for the duration of the Term (the "Non-Exclusive License Period").

Both Parties acknowledge and agree that it shall not be the intent of Licensee to build up inventory of Probe Products in order to circumvent the spirit of this Agreement.

Therefore and except as agreed in writing otherwise, Licensee's permitted stock shall not exceed the quarterly stock levels as set forth in Exhibit B.

1.2 Additional Territory License Grant. For the duration of the Term, the License shall be non-exclusive for the markets of Russia, Oman, Jordan, Abu Dhabi and Qatar (each separate market an "Additional Territory" and together with the Territory, the "Territories"); provided, however, Licensee's rights may become exclusive for that Additional Territory for the duration of the Term upon conditions which shall be negotiated between Licensee and Reduct, such negotiations to be conducted in good faith. Section 5.1.2 shall not apply in relation to Purchase Prices in an Additional Territory. The parties agree that for a period of twelve (12) months from the date of this Agreement, Reduct shall not appoint any other entity as an exclusive licensee in the Additional Territory.

1.3 Scope of License.

A. Non-Exclusive License Period. During any Non-Exclusive License Period, Reduct hereby appoints Licensee, and Licensee hereby accepts such appointment, as an independent and non-exclusive licensee and distributor for the Probe Products to any individual or entity for use in the jurisdictions of the Territory. Reduct hereby grants Licensee a non-exclusive right and License to market, advertise, promote, distribute, use, offer for sale, sell, direct import from Reduct, and lease the Probe Products, for use in the Territory in strict accordance with the terms and conditions of this Agreement (the "Non-Exclusive License"). Licensee shall not assign such Non-Exclusive License.

B. Exclusive License Period. During the Exclusive License Period, Licensee shall be an independent and exclusive licensee and distributor for the Probe Products to any individual or entity for use in the Territory. During the Exclusive License Period, Reduct hereby grants Licensee an exclusive right and License to market, advertise, promote, distribute, use, offer for sale, sell, direct import from Reduct, and lease the Probe Products, for use in the Territory in strict accordance with the terms and conditions of this Agreement (the "Exclusive License"). Reduct shall refer any and all persons or entities from the Territory who contact Reduct to Licensee and Reduct agrees not to knowingly discuss sales or pricing terms of the Probe Products with anyone in the Territory. Licensee shall not assign such Exclusive License.

1.4 Products Covered. "Probe Products" shall mean the products as set forth in the first table of Exhibit A hereof, owned and or developed by Reduct as of the date hereof and/or as mutually agreed to by the Parties, during the Term of this Agreement. Reduct may amend or supplement its range of Products from time to time. Except as specifically approved by Reduct, during the Term of this Agreement, Licensee shall not purchase, market, advertise, promote, distribute, use, offer for sale, sell, direct import and lease any products in conflict with Reduct's Intellectual Property Rights and Reduct Trademarks or substantially similar to the Probe Products from any other supplier or manufacturer of such products. Notwithstanding the foregoing, Licensee shall have the right to purchase

from third parties commercially available product items similar in purpose as the product items set forth in the second table ("Accessories products") of Exhibit A hereof. "Intellectual Property Rights" means all (a) patents (including without limitation, all patent applications and divisions, continuations, continuations-in-part, renewals, reissues, reexaminations and extensions of the foregoing, as applicable); (b) rights associated with works of authorship and industrial design rights, including copyrights; and (c) rights relating to the protection of trade secrets and know how. Reduct's "Intellectual Property" does not include Reduct's Trademarks.

1.5 Sublicensees. Licensee may market, distribute, sell or lease the Probe Products directly to end-users or through Licensee's sublicensees, resellers or agents and will assure at all times that such sublicensees, resellers or agents operate in accordance with this Agreement. Licensee shall be liable for the actions, omissions, and performance of such sublicensees, resellers or agents in violation of this Agreement except for fraud, willful misconduct or gross negligence on the part of such sublicensees, resellers or agents.

1.6 No Licensee Sales Outside the Territories. Licensee shall not knowingly, directly or indirectly, market, distribute, export, sell, service or lease the Probe Products for use outside the Territories without Reduct's written approval.

1.7 Sales by Sublicensees, Resellers or Agents Outside the Territory. Licensee shall not permit any sublicensees, resellers or agents to market, distribute, export, sell, deliver, service or lease the Probe Products outside the Territory, directly or indirectly, to purchasers within the Territory whom Geospatial has reasonable reason to believe intend to use the Probe Products outside the Territory or re-sell the Probe Products to an entity located outside the Territory, without prior written approval from Reduct. In addition, Licensee shall require its sublicensees, resellers or agents to agree in writing that they will not, directly or indirectly, market, distribute, export, sell, deliver, service or lease the Probe Products outside the Territory. Licensee, its sub-licensees, resellers and agents shall not be liable to Reduct if the end-users export, sell, use or lease such Probe Products for use outside the Territory provided that Licensee complies with the foregoing sentence. Both Parties will agree on a course of action to restrict or limit such distribution outside the Territory.

1.8 Reduct's Sales. Both Parties acknowledge and agree that it is Reduct's intent to appoint an exclusive licensee for the Territories on terms set forth herein within a timeframe for Reduct to be commercially reasonable. To this effect, Reduct has entered into this Agreement with Licensee. From the Effective Date of this Agreement through the Initial Period and until December 31, 2012, Reduct shall not be restricted from entering into any license agreements with third parties; provided however, any such agreement shall be on a non-exclusive basis and shall state that any such agreement will immediately, at Licensee's election at the onset of the Exclusive License Period until December 31, 2012, (i) convert to a sublicense agreement under Licensee, or (ii) terminate. In case such agreement shall terminate, and always provided that Licensee does not unreasonably withhold approval or require commercially unreasonable conditions for conversion to such sublicense agreement under Licensee, following a ninety (90) day grace period beginning at the onset of the Exclusive License Period, the

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third party shall be prohibited from selling or renting any of the Probe Products for use in the Territory. Reduct shall require the third party to agree so in writing. Reduct shall not be liable to Licensee provided that Reduct complies with the foregoing sentence. Reduct shall also not enter into any license, distribution, or sales agreement for the Probe Products at terms more favorable to those granted to Licensee. As of January 1, 2013 and for the duration of any Non-Exclusive Period, Reduct shall not be restricted from entering into any non-exclusive or exclusive license agreements with third parties. If, by December 31, 2013 and for the duration of any Non-Exclusive Period, Licensee has not purchased at least eighty percent (80%) of the cumulative minimum Probe Product purchase requirements on a yearly basis pursuant to Exhibit B hereof (the "Minimum Purchase Requirements"), Reduct has the option, at its sole discretion, to terminate pursuant to the terms of this Agreement.

1.9 Improvements. Any inventions or improvements in the Probe Products or Accessories products by Licensee, which arise as a result of access to the Probe Products, shall be the sole and exclusive property of Reduct and shall be licensed to Licensee under the terms and conditions of this Agreement. However, if Licensee makes a significant contribution to the improvement, modification, enhancement or adaptation of the Probe Products or Accessories products, Reduct shall not charge any addition to the Licensee's Purchase Price to use that improvement, modification, enhancement or adaptation for the Term.

1.10 Intellectual Property Protection. Reduct will use commercially reasonable efforts to prepare, file, prosecute, maintain and extend patents, patent applications, copyright registrations and copyright applications for Intellectual Property covering the Probe Products, Probe Products components, and related services in the Territory (collectively, "IP Registrations").

1.11 Enforcement Against Third Parties.

A. In the event that Reduct or Licensee becomes aware of actual or threatened infringement of any Reduct Intellectual Property or Trademark that has the potential to cause a material adverse effect on either Reduct's or Licensee's sales, it will promptly notify the other party in writing. Reduct must bring, at its own expense, an enforcement action against any third party. If Reduct does not bring such infringement action during the Term, and such lack of bringing an infringement action materially affects Licensee, Licensee's Revenue Royalty obligation set forth in Section 5.6 hereof shall be terminated. During the Term, no settlement of an action will be made by Reduct or Licensee without the prior written consent of the other party if such settlement would adversely affect the rights of the other party, such consent not to be unreasonably withheld, conditioned or delayed. In any event, Reduct and Licensee will assist one another and cooperate in any such litigation at the other's reasonable request at the expense of the requesting party, and, if a party is necessary in order to institute or maintain an infringement suit by the other party as defined by law, that party will join such suit and may, in its discretion, be represented by its own counsel at its own expense.

B. Reduct and Licensee have the right to recover their respective actual out-of-pocket expenses, or proportionate share thereof, in connection with any litigation

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or settlement thereof from any recovery made by the other party. Any excess amount will be shared between Reduct and Licensee in an amount proportional to their respective expenses.

C. The parties will keep one another reasonably informed of the status of their respective activities regarding any such litigation or settlement thereof.

1.12 Bankruptcy. If Reduct is under any proceeding under applicable bankruptcy law and the trustee in bankruptcy of Reduct, or Reduct, as a debtor in possession, rightfully elects to reject this Agreement, Licensee may retain any and all of Licensee's rights hereunder, to the maximum extent permitted by law, provided that Reduct, as debtor in possession, is not otherwise legally permitted to terminate this Agreement as provided in Article IX hereof.

ARTICLE II: OBLIGATIONS OF LICENSEE AND EXPENSES

2.1.1 Licensee shall use its best efforts to meet the Purchase quantity requirements as described in Section 1.1 hereof and shall make payment to Reduct in cash.

2.1.2 In order for the License to convert to and / or remain an Exclusive License for the duration of the Term (Exclusive License Period), Licensee shall meet the Exclusive License Purchase Requirements as described in Section 1.1 hereof on a cumulative semi-annual basis as described in Exhibit B hereof and make payment to Reduct in cash.

2.1.3 Licensee shall Purchase and order the Probe Products in accordance with Exhibit B and Article IV hereof, and pay the Probe Products and Accessories products in accordance with Article V hereof.

2.2 Additional Revenue Percentage. Licensee shall pay to Reduct during the Term an amount equal to five percent (5%) on all revenues, including any and all revenues pertaining to data management activity out of the use of Probe Products and License Grant (the "Additional Revenue Percentage") of Licensee and all companies that are or become a subsidiary or other affiliate of Licensee, in case of assignment of the activity pertaining to said data management. Licensee shall not assign any of the activity pertaining to said data management to any other entity or person without the prior written consent of Reduct. Licensee undertakes that it shall not allow any activity pertaining to said data management to be carried out outside of Licensee's activity and undertakes to require in writing from its investor(s), officer(s), director(s), employees, agents or representatives a non-compete undertaking to this effect. Licensee shall pay as follows: from the five percent, two percent (2%) shall be paid on a quarterly basis and three percent (3%) shall accrue until the Aggregate Licensee Volume Rebate Amount as defined in Section 5.1.2 hereof is USD 0,00, at which time such accrued amounts shall be paid quarterly over a period of one (1) year. Future amounts of Additional Revenue Percentage shall be paid in full and quarterly.

2.3 Licensee Software Development. Licensee hereby undertakes to make all reasonable efforts, at Licensee's sole cost, to finalize the first stage development of the Geospatial software (the "Geospatial software lite product" as specifically referred to in the January 18, 2011 summary of terms that constitute a Letter of Intent, subject to

approval of the parties' Board of Directors), sufficient in all respects that it is deployable as market ready and tested companion system to the Reduct probe.

2.4 Marketing And Product Support. Licensee shall use commercially reasonable efforts to promote the marketing and sale of the Probe Products within the Territory. Reduct agrees to provide a reasonable and sufficient amount of technical and technological support (including, but not limited to, sales personnel training, product demonstrations and promotional "roadshows") as and when reasonably requested by Licensee to facilitate sales by Licensee, including following the launch of new or improved products. The parties acknowledge and agree that any technical and technological support contemplated by this Agreement shall be provided by Reduct to Licensee at a facility in the Territory designated by Licensee, provided that Licensee reimburses Reduct for reasonable travel and lodging expenses incurred in connection therewith.

2.5 Licensee Prices. Prices for the sale or rental by Licensee of the Probe Products and Accessories products in the Territory shall be established and revised from time to time by Licensee in its sole discretion.

2.6 Costs and Expenses. Licensee shall be responsible for all costs and expenses relating to its obligations under this Agreement including but not limited to this Article II, except as expressly indicated otherwise.

ARTICLE III: OBLIGATIONS OF REDUCT

3.1 Supply. Always provided that there is no cause for termination by Reduct pursuant to Section 9.1 hereof, Reduct shall undertake the following:

A. Make commercially reasonable efforts to manufacture and, assemble the Probe Products and Accessories products and any required replacement products, ordered under Article IV and paid for under Article V below, to Licensee in accordance with Exhibit B hereof and in accordance with the delivery schedule as provided in the accepted P.O. (defined in Section 4.1 below). Notwithstanding the above, in the event that Licensee has, with the prior written agreement of Reduct, committed to an agreed delivery timetable to its customers, Reduct shall use its best efforts to adhere to that agreed delivery timetable.

B. Keep Licensee informed of the Probe Products and Accessories products manufacturing availability. In the event of a shortfall in manufacturing capacity, Reduct will use commercially reasonable efforts to provide Licensee with timely manufacturing capacity and, if timely delivery of such products is unavailable, Section 4.1 of this Agreement sets forth the Parties' options.

C. In the event that any such new product ("New Product") is developed, Reduct agrees to notify Licensee at least thirty (30) days prior to the introduction of the New Product to the market elsewhere and agrees to make the New Product available to Licensee under this Agreement in accordance with Section 5.3 below. If Licensee elects

to market and promote the New Product pursuant to this Agreement, Reduct shall provide equivalent level of technical and technological support with respect to such New Product to Licensee as it is providing for the Probe Products and Accessories products hereunder. The parties' rights and obligations under this Agreement shall apply to the New Products, *mutatis mutandis*.

3.2 Marketing Assistance and Training. Reduct shall undertake the following:

A. Make available to Licensee a reasonable quantity of Probe Products and Accessories products literature and promotional materials in a form as used by Reduct. Licensee may also purchase, at its expense, additional quantities of materials from Reduct. All such materials supplied to Licensee shall be in English.

B. Answer promptly any queries concerning the Probe Products and Accessories products or applications thereof that Licensee may submit to Reduct in connection with proposed marketing campaigns or contemplated sales.

C. Upon the request of Licensee and subject to Licensee agreeing to reimburse Reduct's reasonable costs and expenses, provide suitably qualified personnel to participate in marketing activities of Licensee within the Territory. The timetable for such marketing activities shall be agreed between Licensee and Reduct. Reduct shall not be required to participate in more than two such marketing activities per year.

D. Upon written request of Licensee, Reduct, or any authorized party appointed by Reduct, shall provide training on the operation, repair and maintenance of New Products to Licensee's technicians. Upon request of Licensee, Reduct shall provide this training at a facility designated by Licensee, provided that Licensee reimburses Reduct for reasonable travel and lodging expenses incurred in connection therewith.

3.3 Parallel Imports. During the Exclusive License Period, Reduct shall not permit the sale of the Probe Products to purchasers for use within the Territory or to purchasers outside the Territory whom Reduct has reasonable reason to believe intend to use the Probe Products in the Territory or re-sell the Probe Products to an entity located in the Territory. In addition, Reduct shall require its licensees to agree in writing that they will not market, distribute, export, sell, deliver, service or lease the Probe Products for use in the Territory. Reduct shall not be liable to Licensee if the end-users export, sell, use or lease such Probe Products into the Territory provided that Reduct complies with the foregoing sentence. Both Parties will agree on a course of action to restrict or limit such distribution into the Territory.

3.4 Third Party Inquiries. During the Exclusive License Period, Reduct shall refer to Licensee all inquiries regarding acquisition of Probe Products for use in the Territory.

ARTICLE IV: ORDERING AND DELIVERY OF THE PRODUCTS

4.1 Purchase Order. Licensee shall submit all orders for Probe Products and Accessories products to Reduct via a purchase order (each a "P.O.") at the email address and facsimile number set forth in Section 16.4 below. The P.O. shall set forth the type of Probe Products and Accessories product from Reduct's then current Probe Product and

Accessories product portfolio in Exhibit A hereof and in accordance with then current Probe Product and Accessories product specifications, Licensee's expected date of delivery, which date shall be commercially reasonable. Within ten (10) business days after receipt of a P.O., Reduct will notify Licensee in writing whether Licensee's order for such products is accepted or rejected. A P.O. can be rejected if the order refers to Probe Product and Accessories product which do not conform to (i) the then current Probe Products and Accessories product portfolio, or (ii) the then current Probe Products and Accessories product specifications, or (iii) order volumes on a quarterly basis in excess of the permitted stock levels as set forth in Exhibit B hereof, except as agreed in writing otherwise, or (iv) the Volume Rebates, if applicable pursuant to Section 5.1.2 hereof, and the Purchase Price rebates applicable pursuant to Section 5.1.3 hereof for the Probe Products and Accessories products, or (v) the information specified by Reduct and communicated to Licensee. If accepted, Licensee will be notified within ten (10) days from receipt of the P.O. of the date or dates on which delivery is expected to be made (the "Acceptance Notice"). Reduct will use its best efforts to fill all orders placed by Licensee on the delivery dates specified

by Licensee.

Upon issuance by Reduct of the Acceptance Notice, the P.O and Acceptance Notice shall constitute a contract in accordance with the terms and conditions of this Agreement. In the event that Licensee is required by an end-user to commit to a delivery timetable, Licensee shall not make such commitment without first consulting Reduct and obtaining Reduct's written commitment to the delivery timetable.

4.2 Shipment and Delivery: Title and Risk of Loss and Damage. Reduct shall deliver the Products EXW (Incoterms) Reduct with risk of loss and damage passing to Licensee upon shipment EXW (Incoterms) Reduct. Licensee shall arrange shipment.

4.3 Acceptance by Licensee. Licensee shall inspect the products promptly upon receipt thereof and may reject any products which are not according to then current Reduct product specifications. Products not rejected by written notification to Reduct within fourteen (14) days of receipt shall be deemed to have been accepted. Rejected products shall be returned freight prepaid to Reduct within ten (10) calendar days of rejection. As soon as possible Reduct shall, at its option and expense, either repair or replace such rejected products. Reduct shall prepay transportation costs back to Licensee and shall reimburse Licensee for any costs of transportation incurred by Licensee in connection with the return to Reduct of such properly rejected products.

4.4 Timely Products. If during the Term of this Agreement, Reduct determines that it is unable to deliver the products within a ninety (90) day period from the date specified on the P.O., the number of Probe Products that Reduct is unable to deliver in timeframe set forth above shall be included in the calculations regarding exclusive or non-exclusive license periods.

**ARTICLE V: VOLUMES, VOLUME REBATES, PAYMENT TERMS,
PURCHASE PRICES, PRICE LIST, FEES & LICENSEE SOFTWARE
ROYALTIES**

5.1 Eligibility for Volume Rebates, Purchase Price rebates and/or Fee, as applicable. Items from the first table called Probe Products and second table called Accessories product as set forth in Exhibit A hereof are eligible for Volume Rebates pursuant to Section 5.1.2 hereof, Purchase Price rebates pursuant to Section 5.1.3 hereof, and/or a Fee pursuant to Section 5.5 hereof.

5.1.1 Volumes. Licensee undertakes to Purchase, which Reduct hereby accepts to supply, the quarterly sales volumes as set forth in Exhibit B hereof (the "Quarterly Sales Volumes").

5.1.2 Volume Rebates. For the Term of the Agreement and always provided that there is no cause for termination by Reduct pursuant to Section 9.1 hereof, Reduct grants Licensee a volume rebate, which amounts in total to USD five million (USD 5,000,000) (the "Aggregate Licensee Volume Rebate Amount").

During the Term, within thirty (30) days following receipt of Reduct invoice, Licensee shall remit to Reduct payment in accordance with the following terms:

(a) Initially, seventy-five (75%) of the total purchase price per accepted and Eligible Probe Products. The remaining twenty-five percent (25%) of the total purchase price shall be deducted from the Aggregate Licensee Volume Rebate Amount (the "Lower Licensee Volume Rebate Payment Percentage").

(b) Following any quarter period at the end of which the cumulative Purchased Probe Products exceed the Quarterly Sales Volumes, Licensee shall remit payment for fifty percent (50%) of the total purchase price for the accepted and Eligible Probe Products. The remaining 50% of the total purchase price shall be deducted from the Aggregate Licensee Volume Rebate Amount ("Higher Licensee Volume Rebate Percentage").

(c) At any time Licensee fails to meet the cumulative Sales Volumes on a quarterly basis, the payment terms revert to the Lower Licensee Volume Rebate Payment Percentage.

Immediately following Licensee's purchase of the 110th Probe Product at any time up to December 31, 2012, 100% of any and all Eligible Probe Product Purchases not exceeding the permitted stock levels as set forth in Exhibit B hereof shall be deducted from the Aggregate Licensee Volume Rebate Amount until the Aggregate Licensee Volume Rebate Amount is USD 0.00. As from December 31, 2012 onwards, the terms pursuant to Section 5.1.2 (a) and Section 5.1.2 (b) will apply.

(d) When the Aggregate Licensee Volume Rebate Amount is USD 0.00, Licensee shall remit payment for one hundred percent (100%) of the Purchase Price to Reduct in accordance with the terms set forth in this Article 5.

5.1.3 Licensee's Purchase Price. Until Licensee has Purchased 110 Probe Products, the prices for the Probe Products shall be those specified in Reduct's Probe Products and Accessories product price list attached hereto as Exhibit A (the "Purchase Price"). The Purchase Prices currently set forth in Exhibit A shall be established and shall remain at the lower of (a) the Purchase Price or (b) those prices offered for similar products and similar volumes of products to other licensees, distributors or agents of Reduct, or any other third party ("MFN Prices"), always provided that Licensee (i) meets the purchase quantity requirements as set forth in Exhibit B hereof, and (ii) is not otherwise in default of any term or condition of this Agreement. The Purchase Price for Probe Products in excess of the Purchase of 110 Probe Products and until December 31, 2014, shall remain at the lower of (a) those prices offered for similar products and similar volumes of products to other licensees, distributors or agents of Reduct, or any other third party ("MFN Prices") or (b) Reduct's documented cost-plus a 100% mark-up, and always provided that Licensee (i) meets the purchase quantity requirements as set forth in Exhibit B hereof, and (ii) is not otherwise in default of any term or condition of this Agreement. As of January 1, 2015, Purchase Prices shall be established at the lower of (a) MFN Prices or (b) Reduct's documented cost-plus mark-up of 90% in the first following year, 80% in the second following year, 70% in the third following year, 60% in the fourth following year and 50% in the years thereafter, and always provided that Licensee (i) meets the purchase quantity requirements as set forth in Exhibit B, and (ii) is not otherwise in default of any term or condition of this Agreement. Except as expressly stated otherwise, the Purchase Prices do not include any existing or future taxes, tariffs, fees, duties, or levies whatsoever applicable to the products sold under this Agreement. Purchase Prices shall be reviewed quarterly and, if applicable, adjusted for inflation and changes in supplier prices.

5.1.4 Incentive. Reduct shall be provided an economic incentive to reduce its costs from current levels. In the event Reduct is able to reduce its documented costs from current levels, 50% of such cost reductions shall be credited to Reduct notwithstanding the provisions set forth in Section 5.1.3.

5.2 New Price Lists. Reduct shall, based on Reduct's costs and MFN prices in the previous quarter, provide a list of new Purchase Prices to Licensee on a quarterly basis, as applicable. Reduct must provide written notice to Licensee not less than thirty (30) days prior to the effective date of the new Purchase Price list, and such written notice must include the cost breakdown detailing any such additional manufacturing or raw material cost. In the event of a price increase, such increase will apply to all accepted P.O.s issued by Licensee after the effective date of the increase. In the event of a price decrease, such decrease will apply to accepted P.O.s issued by Licensee after the effective date of such decrease.

5.3 New Products. The prices for all New Products shall also be determined by Reduct from time to time, subject to the same principles as set forth in Section 5.1, and Section 5.2.

5.4 Invoice and Payment Terms.

electronic mail and shall set forth the Purchase Price of all Products included in the order, as well as all charges owed by Licensee under this Article V. The invoice shall also provide Licensee's P.O. number allocable to the order, a description of the Products or component parts being manufactured and assembled, the price of all Products reflected in the P.O. and any discount in effect for the Products. At that time Reduct shall also provide Licensee with a current statement of account listing any and all outstanding invoices and any payments made or credits given since the previous statement.

B. Except as otherwise specifically provided in this Article V, specifically Section 5.2, within thirty (30) days of receipt of Reduct's invoice, Licensee shall pay Reduct one hundred percent (100%) of the total Purchase Price for such Products. All payments to Reduct for the accepted Products in accordance with this Section 5.4 B shall be made to:

Beneficiary: Reduct NV
Bank: KBC Bank
Address: Trade Mart, Atomiumsquare 120
1080 Brussels, Belgium

Account No: 735-0030244-65
IBAN: BE18 7350 0302 4465
BIC: KREDBEBB

US Corresponding Bank: KBC Bank, New York
Account No: 026008248
BIC: KREDUS33

5.5 10% Fee on Reduct sale until December 31, 2012 (the "Fee"). From the Effective Date of this Agreement through the Initial Period and until December 31, 2012, and always provided that Licensee (i) meets the purchase quantity requirements as set forth in Exhibit B hereof and (ii) is not otherwise in default of any term or condition of this Agreement, for any Probe Product that Reduct sells directly or indirectly through a Vendor for use in the Territory, Licensee shall have a right to receive from Reduct the amount equal to 10% of the Eligible Probe sale or rental price, as applicable (the "Fee"). For the avoidance of doubt, Licensee shall not be entitled to receive the Fee, if the License has not converted to an Exclusive License by December 31, 2012 pursuant to Section 1.1 herein. If the License has converted to an Exclusive License by December 31, 2012, Licensee continues to be entitled to this Fee with respect to such Eligible Probe Products sold directly or indirectly through a vendor for use in the Territory under Reduct contracts concluded from the Effective Date of this Agreement through the Initial Period and until December 31, 2012, which contracts may continue in time during the Exclusive License Period.

5.6 Software. To the extent that Reduct elects, for which it intends to make all reasonable efforts, to utilize the Geospatial Software (defined in Section 2.3) as a

companion product to the sale or rental of its probes, upon the probe's initial commercial use (sale or rental), such use shall be made pursuant to software license with reasonable restrictive terms and Reduct shall pay Licensee a fee of five percent (5%) of the sales price or rental fee.

5.7 Maintenance. The parties shall use their best efforts to enter into a separate maintenance agreement.

ARTICLE VI: TRADEMARKS, TRADE NAMES

6.1 Trademarks and Trade Names. Licensee acknowledges that Reduct owns or has rights to (i) the name Reduct NV and any abbreviations thereof and (ii) any and all of Reduct's trademarks, words and design marks, trade names, service marks, trade logos and trade dress, and foreign language equivalents thereof, including those described in Schedule 6.1 hereto (collectively, the "Trademarks"), and as each may be unilaterally amended from time to time (whether registered or not). Licensee acknowledges the exclusive ownership by Reduct, subject only to the grant of any exclusive license of Reduct in and to the Trademarks used in connection with any of the Products. Licensee agrees that it will not procure either directly or indirectly the registration of any Trademark without the written consent of Reduct. Licensee recognizes the validity of Reduct's right to use the Trademarks and agrees not to take any action that would adversely affect the Trademarks or their ownership.

ARTICLE VII: PATENTS & COPYRIGHTS

7.1 Reduct Patents. Licensee acknowledges that Reduct owns or has rights to patents, pending or otherwise, that relate to the working or form part of the Products. Schedule 7.1 sets forth a list of all such patents (relevant for the Territory) as of the date first set forth on this Agreement.

7.2 Patent & Copyright Indemnity. Reduct will defend, indemnify and hold Licensee and its sublicensees and its and their customers harmless from any claims asserted against, imposed upon or incurred by Licensee or any of its sublicensees or any of its or their customers arising out of or relating to a claim that the Products infringe or otherwise violate any patent right, design patent right, copyright, trade secret or other intellectual property or proprietary right of any third party. Licensee will promptly notify Reduct of the claim, furnish Reduct a copy of each writing relating to the claim and give Reduct authority, information and assistance (at Reduct's expense) necessary to defend or settle the claim. Reduct will not settle the claim without Licensee's prior written consent if such settlement would adversely affect the rights of the other Party, such consent not to be unreasonably withheld, conditioned or delayed. This obligation excludes infringement arising out of (1) unauthorized use of the Products by Licensee or its customers, (2) post-delivery unauthorized modifications to the Products by Licensee or its customers; or (3) the combination, operation or use of the Products with non-Reduct supplied hardware, software, programs, data or specifications by Licensee or its customers if a different combination would avoid the infringement; provided such combination is not

recommended by Reduct or contemplated by Reduct's Product documentation. Without prejudice to the indemnity for any actions brought against Licensee referred to above, in the event that Reduct becomes aware of any actual or potential infringement claims, Reduct may at its sole option and discretion (1) procure for Licensee and its customers the right to use such Product free of any infringement liability; (2) replace such Products with a non-infringing substitute; or (3) accept Licensee's return of the infringing Products in exchange for a refund of the purchase price paid to Reduct by Licensee therefore. THIS INDEMNITY IS REDUCT'S SOLE LIABILITY AND LICENSEE'S SOLE REMEDY FOR INFRINGEMENT OF PATENTS OR COPYRIGHTS.

ARTICLE VIII: TERM

8. Subject to earlier termination pursuant to Section 9.1 hereof, the term of this Agreement (the "Term") shall start as of the date first listed above and continue

ARTICLE IX: TERMINATION

9.1 Termination For Cause. This Agreement may be terminated for cause as follows:

- A. By either party upon ninety (90) days written notice if the other party commits a material breach of the Agreement and fails to cure the breach within such ninety (90) day period.
- B. By Reduct upon thirty (30) days written notice if Licensee: (i) does not make payment pursuant to Section 5.4 B hereof, or (ii) does not pay the amounts of Additional Revenue Percentage pursuant to Section 2.2 hereof, or does not order pursuant to Article IV hereof, or (iii) in accordance with Section 1.8 hereof.
- C. By either party if the other party ceases to operate its business in the ordinary course, files for bankruptcy or has an order for relief entered against it in an involuntary bankruptcy case, files any proceeding for insolvency, reorganization, liquidation, receivership, or dissolution or there is an assignment for the benefit of creditors.
- D. By (i) Licensee upon ninety (90) days written notice if (a) Reduct becomes generally ineligible to obtain or receive approval for any applicable license or export / import documents as are necessary to sell and deliver Products and Component Products; or (b) Licensee's sales activities are materially affected by Reduct's inability to supply the Products and such inability is not due to events described in Section 14 hereof and Reduct does not remedy the situation within a reasonable period; (ii) Licensee if Reduct does not make technological improvements to the Products and as a result of the lack of improvements, the Products are no longer competitive in the marketplace; or (iii) either party upon ninety (90) days written notice if the other party assigns this Agreement in violation of Section 16.5 hereof.

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9.2 Effect of Termination.

- A. Upon a termination, Licensee shall, within thirty (30) days, pay Reduct (i) all fees due and unpaid with respect to Products delivered to Licensee, and (ii) amounts of Additional Revenue Percentage due pursuant to Section 2.2 hereof, and (iii) amounts of Additional Revenue Percentage accrued pursuant to Section 2.2 hereof, which shall become automatically payable and due in total upon a termination herein. Licensee shall following any termination of this Agreement be allowed to purchase Products at end-user terms and conditions set by Reduct or a Reduct sub-distributor in the Territory, it being understood that such terms and conditions shall not include the mechanism of Volume Rebates as described in Section 5.1.2 hereof. Nothing in this Article shall prevent Licensee from selling, distributing, marketing and promoting any remaining inventory to third parties in the Territory.
- B. Except in cases of bad faith by either Reduct or Licensee, neither Reduct nor Licensee shall be liable to the other solely because of the termination of this Agreement, for compensation, reimbursement, or damages due to the loss of prospective profits or anticipated sales, or due to loss of goodwill of Reduct or Licensee. Notwithstanding the foregoing, Licensee and Reduct, as applicable, shall remain liable for any obligations for (i) unpaid amounts for the Products, and (ii) unpaid amounts of Additional Revenue Percentage due or payable upon the termination of this Agreement pursuant to Section 9.2 A hereof, and (iii) unpaid amounts of Licensee software royalties pursuant to Section 5.6 hereof, and (iv) for damages, indemnities or other compensations due to breach of this Agreement prior to the termination.
- C. The provisions of Sections 1.9, 6.1, 7.1, 9.2, 10.1, 16.1, 16.2, 16.3, 16.4, 16.5, 16.6, 16.7 and Articles XI, XII, XV and XIII shall survive any termination or expiration of this Agreement.
- E. In the event either party terminates this Agreement for any reason in accordance with the terms hereof, Reduct and Licensee shall cooperate to reassure customers concerning a continuing level of service and support in accordance with each party's legal obligations.

ARTICLE X: FEES AND TAXES

10.1 Payment. Licensee shall be obligated to pay all applicable U.S. import license fees, customs fees, taxes, tariffs, fees, duties, levies or other charges that are levied or asserted by any public authority in the Territory, and Reduct shall be obligated to pay all applicable export license fees, customs fees, taxes, tariffs, fees, duties, levies or other charges that are levied or asserted by Belgian authorities with respect to the Products purchased by Licensee.

10.2 Addition to Price. Any tax, tariff, fee, duty, levy or other charge (other than income taxes imposed upon Reduct) which Reduct may be required by any applicable law to withhold, collect or pay with respect to the import, sale, delivery, or use of any Products ordered or delivered to Licensee shall be added to the price of such products.

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ARTICLE XI: CONFIDENTIALITY

11.1 Confidential Information. In negotiating and implementing this Agreement, either party may transmit to the other party (for the purpose of this clause the "Recipient") or Recipient's representative (for the purpose of this clause the "Representative") certain proprietary and confidential information regarding the Products, maintenance services, marketing strategy and industry analysis (the "Confidential Information"). Such Confidential Information is defined as all non-public information which is furnished by the other Party or its representatives, regardless of whether specifically identified as proprietary or confidential together with all proprietary data on (without limitation) prices, volumes, quality, trade secrets, know-how, ideas, principles, analyses, techniques, methodologies or other documents that may be reasonably regarded as confidential under the circumstances. A Recipient's Representative shall be deemed to include each person that is or becomes (i) a subsidiary or other affiliate of Recipient, or (ii) an officer, director, employee, partner, attorney, advisor, accountant, agent or representative of Recipient or any of Recipient's subsidiaries or other affiliates. The term person will be broadly interpreted to include any individual and any corporation, partnership, entity or group. Each party agrees that, for the Term and a period of three (3) years after expiration or termination of this Agreement, it shall not disclose any information it receives from the other party to any other third party, person, corporation or entity. No party shall use Confidential Information for its own benefit, except as provided herein. Nothing contained in this Article XI shall grant or imply any rights by license, estoppel or otherwise. Confidential Information as used herein does not include information which: (i) is in the public domain at the time of its disclosure or which enters the public domain at any time after such disclosure through no fault of the Recipient, (ii) is generally disclosed to third parties by the disclosing party without restriction, (iii) is communicated to the Recipient by a third party having a right to do so without restriction on nondisclosure, or (iv) is approved for release by written authorization of the other party.

11.2 Each party shall safeguard any Confidential Information that it receives from the other party in connection with this Agreement. No party shall disclose or cause to be disclosed, any of the Confidential Information, except to those employees of the parties and any Affiliates who require access to the Confidential Information to perform under this Agreement.

11.3 The parties acknowledge that the disclosing party would not have an adequate remedy at law for money damages if the covenants contained in this Article XI were breached. Accordingly, the disclosing party shall be entitled to an injunction restraining such disclosure and other equitable relief (including specific performance), without the requirement of posting a bond or other security.

12.1 Liability for Termination. Except as specifically provided in Article IX or this Section 12.1, neither party shall be liable to the other, by reason of the termination of this Agreement, for incidental, consequential, punitive, or special damages, reimbursement or damages due to the loss of prospective profits or anticipated sales or loss of goodwill.

12.2 Limitation of Liability for Products and Component Products: Sole Remedy. Liability under this Agreement is expressly limited to the Purchase Price paid by Licensee for the Products that are the subject of a dispute or controversy. IN NO EVENT SHALL THERE BE LIABILITY FOR SPECIAL, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF ANTICIPATED PROFITS OR ECONOMIC LOSS, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

ARTICLE XIII: WARRANTIES, REPRESENTATIONS AND RESTRICTIVE COVENANTS

13.1 DISCLAIMER. THE FOLLOWING WARRANTIES FOR THE PRODUCTS ARE IN LIEU OF ALL CONDITIONS OR WARRANTIES EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED CONDITIONS OR WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND OF ANY OTHER CONDITION OR WARRANTY OBLIGATION ON THE PART OF REDUCT OR ITS LICENSORS, WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

13.2 Warranty. For twelve (12) months from delivery of Probe Products and Accessories products to Licensee. Licensee shall be permitted to keep a stock in amounts as set forth in Exhibit B hereof (the "Permitted Stock"). The limits on stock set forth in Exhibit B hereof, exclude Licensee's Probe Products that (i) have been rented at least once; and/or (ii) have been designated for delivery to a specific customer. For such rented and/or specifically customer designated Probe Products, the parties shall use their best efforts to enter into a separate warranty agreement. Upon sale out of Licensee's Permitted Stock to an end user, Reduct shall activate the Probe Products and enter (i) the end user details and (ii) Reduct probe related software, whereupon Warranty herein will commence for twelve months. Reduct warrants the products to be free from defects in material and workmanship and the products shall further be free from material defects, program errors, and non conformities and shall otherwise perform in all material respects in the manner specified in the documentation and other written materials provided to Licensee. This warranty will not apply if repair or parts replacement is required because of accident, neglect, misuse, transportation, or use which does not conform to the specific or general instructions of Reduct. This warranty does not apply to any products which have been opened, disassembled, unsealed or changed except by Reduct, except that the warranty shall not be affected by any repair or alteration of a product by a technician skilled by Reduct in the art, employed or retained by Licensee.

13.3 Remedy. Licensee's sole remedy for and Reduct's liability for warranty breaches are limited as set forth in Article XII and this Article XIII.

13.4 End-User Warranty. Licensee shall be obligated to provide to customers the original manufacturers' warranties on defects in materials and workmanship, the scope and period of which shall be generally consistent with (and for the avoidance of doubt, not beyond, in excess of or in addition to) Reduct's Warranty to Licensee in Section 13.3

above, including at minimum the following requirements: (a) Licensee shall pass on the original manufacturers' warranties that the products are free from defects in materials and workmanship; and (b) Licensee shall work with Reduct and the original manufacturer to correct any such defects without any charge. During the warranty period, the cost of the replacement component parts shall be borne by Reduct.

13.5 Other Representations and Warranties from Reduct. Reduct represents, warrants and undertakes to Licensee that:

- (i) save for compliance with the relevant U.S. laws and regulations for export control in respect of the Products as provided in Section 15.8, no other licenses, approvals, consents or authorizations are required from any governmental or regulatory authorities in the U.S. or Belgium, for the execution and performance by Reduct of its obligations under this Agreement and the sale and distribution of the products in the Territory;
- (ii) there is no known breach of third party intellectual property rights in respect of the products;
- (iii) the warranties from the original manufacturers of the products (including the component parts) are valid and subsisting and no waiver or exception has been granted by Reduct to the original manufacturers. Reduct is not aware of any events or circumstances which would or are likely to render the warranties void, invalid or unenforceable, and Reduct will take all actions to assign to or confer all rights on Licensee in respect of the warranties from the original manufacturers of the products and the component parts thereof so as to allow the Licensee to confer the benefits of the warranties to the sub-licensees or end-users or to directly enforce the warranties against the original manufacturers; and
- (iv) Reduct is not aware of any litigation, arbitration proceeding, investigation, or actual or potential claims from any person (including governmental or regulatory authorities) concerning the safety, quality or any other aspects of the products, the component parts, the Trademarks, or the patent rights relating to the Products and the component parts; and Reduct will notify Licensee in writing promptly upon it becoming aware of any of such claims.

The representations, warranties and undertakings set out in this Section 13.5 shall be deemed repeated on the date of execution of this Agreement, the date of issuance of the Acceptance Notice and the date of delivery of the relevant products and/or component parts.

13.6 Representations and Warranties from Reduct, Delta Networks and Licensee. Each of Reduct, Delta Networks and Licensee represent and warrant to the other, on the date of the execution of this Agreement and for as long as Licensee remains as Licensee of the products under this Agreement, that:

- (i) it is a company duly incorporated and organized and is validly existing under the

laws of its jurisdiction of incorporation and has not been dissolved;

- (ii) it has full power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. Except as expressly provided herein, all corporate actions, conditions, approvals and requirements to be taken, fulfilled, obtained, given and done by it in order to enable it to lawfully and validly enter into, exercise its rights and perform and comply with its obligations under this Agreement have been duly and validly taken, fulfilled, obtained, given and done; and
- (iii) this Agreement constitutes a legal, valid and binding obligation of the relevant party, enforceable in accordance with its terms, subject to any rules of law or equity. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment by such party of

the terms, conditions and provisions hereof will not constitute a breach (with or without the giving of notice or lapse of time, or both) or acceleration of any obligations of the relevant party under:

- (1) any laws applicable to the relevant party;
- (2) any judgment, order, writ, injunction or decree of any court or of any authority which is presently applicable to the relevant party;
- (3) the charter documents of the relevant party or any amendments thereto or restatements thereof; or
- (4) the provisions of any agreement, arrangement or understanding to which the relevant party is a party or by which it is bound.

13.7 Restrictive Covenants. Each party covenants with the other that it shall not, and shall cause its Affiliates not to: (i) during the term of this Agreement and for a period of two (2) years following termination or expiration of the term of this Agreement, induce or attempt to induce any director, officers or key employee of the other party or any of its Affiliates to leave employment of the other party or its Affiliate, as the case may be; (ii) use or (insofar as it can reasonably do so) allow to be used, in the case of Licensee the trade name of "Geospatial", "Geospatial Mapping Systems", and in case of Reduct the trade name of "Reduct" or "DuctRunner" or any other trade name used by the other party or its Affiliates or any other name intended or likely to be confused with such trade names. In the event that any of the above restrictions is void but would be valid if some part of the restrictions were deleted the restrictions in question shall apply with such modification as may be necessary to make it valid.

ARTICLE XIV: FORCE MAJEURE

14.1 Excuse. Should either party be delayed or rendered unable to perform its obligations, wholly or in part, by an event of Force Majeure (defined below), it shall give the other party notice of such event and performance shall be suspended while the effects of the Force Majeure event are continuing. Such suspension shall in no event exceed a

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maximum of six (6) months. Reduct or Licensee, as the case may be, shall diligently seek to overcome such event of Force Majeure.

14.2 Events of Force Majeure. Neither Reduct nor Licensee shall be responsible for any delay or failure to perform its obligations due to an event of Force Majeure. Force Majeure means all events which are beyond the control of the parties, and which are unforeseen, or if foreseen, unavoidable. Such events of Force Majeure shall include, by way of example, but not limitation, the following:

- (a) Fire, explosion, frost, earthquake, storm, lightning, tide, tidal wave, floods or perils of the sea, or acts of God;
- (b) War, revolution, acts of public enemies or of belligerence, sabotage, blockade or transportation embargoes, insurrection or riot;
- (c) Labor disputes, strikes, labor shortages or other labor problems at Reduct or Reduct's major suppliers of parts and components and sub-assemblies;
- (d) Shortage of, or an inability of, Reduct or Reduct's suppliers to obtain raw materials, production equipment and machinery, sub-assemblies, parts and components;
- (e) Expropriation, requisition, confiscation, interference by or restrictions or onerous regulation imposed by civil or military authorities;
- (f) Other acts of government or agencies of government, including denials, onerous restrictions, or undue delays on export licenses or re-export authorizations; and
- (g) Other causes or events, similar to those above, beyond the party's control.

ARTICLE XV: RELEASE AND STOCK

15.1 Outstanding Agreement Release. Subject to Geospatial's implementation of Geospatial's undertaking pursuant to Section 15.2 hereof, Reduct, and Delta Networks shall release Licensee from any and all agreements that are currently outstanding between the parties, including, but not limited to (i) forgiveness of any past due license fees and minimum purchase obligations and (ii) the cancellation of the warrants to purchase 3,500,000 shares of Licensee common stock now held by Delta Networks.

15.2 In consideration of the foregoing, at the Effective Date and for a term of eight (8) years thereafter, Geospatial undertakes that Delta Networks shall receive shares of Geospatial's common stock in accordance with the terms set forth in specific in the Subscription And Rights Agreement of same date as the date of this Agreement.

Delta Networks understands that market opportunities may exist where its 18% stock ownership could compromise the best interests of Licensee. Under that circumstance,

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Delta Networks shall enter into reasonable negotiations to restructure its ownership interest.

ARTICLE XVI: GENERAL PROVISIONS

16.1 Arm's Length Relationship of Parties. The relationship between Reduct and Licensee under this Agreement is that of seller and buyer with the right to resell. The parties are and will remain independent contractors and are in no way the other party's legal representative or agent.

16.2 Governing Language. This Agreement is in the English language only, which shall be controlling in all respects. In the event this Agreement is translated into the language of the court having jurisdiction over this Agreement, the English version of this Agreement shall prevail over such translation with respect to any and all interpretations of this Agreement and with respect to any interpretation by such court of the intent of the parties hereto.

16.3 Severability. If any provision of this Agreement shall be declared void, invalid, or illegal, the validity or legality of any other provisions and of the entire Agreement shall not be affected thereby. However, the parties agree that if any such provision shall be declared void, invalid, or illegal, the parties will, in good faith, negotiate mutually acceptable substitute provisions.

16.4 Notices. Any notice regarding non-performance, breach, termination, or renewal required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given (a) when received if personally delivered, (b) within five (5) days after being sent by registered or certified mail, return receipt requested, postage prepaid, to the parties (and to the persons to whom copies shall be sent), at the respective addresses of the parties set forth below or at such other

address as shall be given by either party to the other in writing. All other notices may be sent by regular mail or by electronic means, as may be agreed between the parties:

If to Reduct:

Otto Ballintijn
Reduct NV
Molenberglei 42
B-2627 Schelle
Belgium
F: +32 (0) 3 541 77 31
Email: otto.ballintijn@reduct.net

If to Licensee:

President
Geospatial Holdings, Inc.
229 Howes Run Road
Sarver, PA 16055
F: +1 724-353-3049

If to Delta Networks:

Delta Networks Limited SA
Rue de Merl 74
L-2146 Luxembourg

Attention: Peter Magnus

With a copy to:

Jan De Wispelaere
Fazantenlaan, 13
B-3050 Oud-Heverlee
Belgium

16.5 Assignability. This Agreement shall not be assigned or transferred by either party without the prior written consent of the other party provided that either party shall have the right to assign its rights, duties and obligations under this Agreement to any of its subsidiaries or Affiliates provided that if such entity ceases to be a subsidiary or Affiliate of the assigning party, the assigning party shall forthwith cause the entity to re-assign this Agreement back to the assigning party. Notwithstanding the assignment to a subsidiary or Affiliate, the original party shall remain bound by the terms of this Agreement and shall procure its subsidiary or Affiliate (as the case may be) to fulfill its obligations under this Agreement. Any attempted assignment or transfer by either party without written consent shall be void and of no effect. If consent is given, this Agreement shall be binding upon and inure to the benefit of the assigns.

16.6 Governing Law and Forum for Disputes. This Agreement shall be governed by and construed in accordance with the laws of Belgium without regard to any conflicts of laws or provisions therein. Any and all disputes hereunder shall be litigated, if at all, in either the Courts of Antwerp or elsewhere in Belgium, it being the intention of both parties that Belgium serve as the exclusive forum for dispute resolution. Both parties submit to the jurisdiction of the courts of Antwerp, and agree that, in the event an action is brought in the courts of Belgium, they will waive any argument of lack of personal jurisdiction or improper venue, which they might otherwise have. Both parties waive any rights to remove any action brought in a court in Belgium, to a court outside that jurisdiction.

16.7 No Waiver. Any failure of either party to enforce at any time, or for any period of time, any provision of this Agreement, shall not constitute a waiver of such provision or in any way affect the validity of this Agreement.

16.8 Export Control. Both Reduct and Licensee acknowledge that they are obligated to comply with and will strictly comply with export laws and regulations of the United States, including but not limited to the Export Administration regulations that may apply to the Products. Reduct shall provide all reasonable assistance, including the signing of any official documents, for the purpose of complying with any such laws and regulations.

16.9 Ethical Standards. Neither Reduct nor Licensee, nor any of their members, employees, representatives, officers, directors, agents, or attorneys shall take any action which would cause either itself or the other party to this Agreement to be in violation of the United States Foreign Corrupt Practices Act of 1977 (as amended), 15 U.S.C. §§78 *et*

seq., or the anti-corruption legislation of any other country that might be applicable to the activities of either party under this Agreement.

16.10 Governmental Approvals. Reduct and Licensee shall work together in good faith to ensure that all necessary approvals by governmental authorities for the execution and performance of this Agreement, including, without limitation, applicable approvals from exchange control and fair trade authorities and import and export clearance by the authorities of the origin of the Products and the Territory, are obtained. Both Reduct and Licensee shall promptly take such action as may be reasonably necessary to obtain such approvals.

16.11 Compliance with Laws. Each party shall be responsible for compliance with any national, regional and local laws and will obtain and maintain, at its expense, all permits, licenses and government registrations and requirements necessary or appropriate to perform hereunder and will, at its own expense, make all filings with governmental authorities required by applicable law. In the event that modification to the products or component parts is necessary to secure the importation of such product or component part into the Territory, Reduct shall endeavor to make such modification provided that it is technically and commercially feasible to make such modifications and that the modifications do not compromise the safety or usability of the products or component parts. If such modifications would alter the production/sourcing cost of the products or component parts, the parties will work together in good faith to agree on a revised price list that would compensate Reduct for the additional costs arising from such modifications.

16.12 Board of Directors. Messrs. Timothy F. Sutherland, and Governor Tom Ridge shall join or maintain their standing on the Licensee's Board of Directors for the same terms of compensation as Board of Directors currently receive and for a period of not less than four years if Licensee meets is Exclusive License Purchase Requirements or for a period of not less than two years if Licensee does not meet these requirements.

16.13 Records and Audit Rights. Both parties shall have the right to conduct periodic audits of the books and records of the other party as required to verify compliance with various provisions of the Agreement, including reporting of revenue subject to royalty payment and costing of Products and services. Both parties will share annual audited financial statements prepared in accordance with International Accounting Standards ("IAS").

16.14 Complete Agreement. This Agreement, together with all Schedules and Exhibits hereto, sets forth the entire Agreement between the parties with respect to the subject matter hereof and supersedes, with the exception of the Subscription And Rights Agreement of same date as the date of this Agreement, all previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof, including, but not limited to the Original Agreement

This Agreement shall be binding upon either party unless reduced to writing and duly executed by the parties hereto in the same manner as the execution of this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have signed this License and Distribution Agreement as of the date first set forth above.

REDUCT, NV

By: /s/ Otto Ballintijn

Name: Otto Ballintijn

Title: Managing Director

DELTA NETWORKS, SA

By: /s/ Peter Magnus

Name: Peter Magnus

Title: CEO

GEOSPATIAL HOLDINGS, INC

By: /s/ Mark A. Smith

Name: Mark A. Smith

Title: President

GEOSPATIAL MAPPING SYSTEMS, INC.

By: /s/ Mark A. Smith

Name: Mark A. Smith

Title: President

Exhibit A: Product Pricing and Description

This Exhibit contains a description of products, inclusive of the first table with Probe Products as defined in this Agreement.

This Exhibit further contains a column specifying whether a certain type of product is eligible for rebates pursuant to [Section 5.1.2](#), [Section 5.1.3](#), and [Section 5.5](#) of the Agreement, as the case may be.

Detailed product description on following pages.

(IMAGE)

(IMAGE)

(IMAGE)

(IMAGE)

(IMAGE)

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(IMAGE)

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(IMAGE)

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(IMAGE)

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Exhibit B – Yearly Cumulative and Quarterly Purchase Volumes

Subject to the terms of the Agreement hereof, Licensee undertakes to Purchase, and Reduct hereby accepts to supply, quarterly sales volumes per respective year as specified hereunder (the “Quarterly Sales Volumes”).

Maximum Probes Products in Licensee’s Stock as specified hereunder, and except as agreed in writing otherwise.

For purposes of counting Sales Volumes, the defined term Probe Products shall mean any item(s) called “Probe products” from the first table countable as Sales Volumes as set forth in the third column of [Exhibit A](#) hereof.

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EX-10.2 3 ex-10_2.htm SUBSCRIPTION AND RIGHTS AGREEMENT
[Geospatial Holdings, Inc. 8-K](#)

Exhibit 10.2

SUBSCRIPTION AND RIGHTS AGREEMENT

THIS SUBSCRIPTION AND RIGHTS AGREEMENT (the “Agreement”) is entered into as of this 5th day of April, 2011 by and between Geospatial Holdings, Inc., a Nevada corporation (the “Company”), and the investor named on the signature page to this Agreement (the “Investor”).

AGREEMENT

WHEREAS, the Company, its wholly owned subsidiary, Geospatial Mapping Systems, Inc. (“GMS”) and Investor are entering into a License and Distribution Agreement (the “License and Distribution Agreement”) of same date as the date of this Agreement;

WHEREAS, the License and Distribution Agreement becomes effective upon (i) the closing by the Company of a new round of common stock financing (the “Capital Raise”) in an amount that equals or exceeds five million dollars (USD 5,000,000) in cash and provided that such closing occurs on or before 31 May 2011; and (ii) the issuance to Investor of eighteen percent (18%) of the Company common stock; and (iii) the signing of this Subscription And Rights Agreement (the “Effective Date” and within five days of the Effective Date the “Closing “ as set forth in Section 2.1);

WHEREAS, in consideration for the Investor, on behalf of itself and its wholly owned subsidiary Reduct NV, a company organized and existing under the laws of Belgium with a registered office at Molenberglei 42, B-2627 Schelle, Belgium (“Reduct”), releasing the Company from any and all agreements that are currently outstanding, with the exception of the License and Distribution Agreement of same date as the date of this Subscription And Rights Agreement, between Investor and Reduct on the one hand and the Company, including, but not limited to (i) forgiveness of any past due license fees and minimum purchase obligations and (ii) the cancellation of the warrants to purchase 3,500,000 shares of the Company common stock now held by Investor (“the Warrant Cancellation”), in accordance with the terms set forth herein, the Company proposes to issue to Investor shares of Common Stock (as defined below) ; and

WHEREAS, the Investor desires to receive from the Company and the Company desires to issue to the Investor the Shares (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 **Definitions.** As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

“Agreement” has the meaning set forth in the preamble.

“Board” means the board of directors of the Company.

“Closing” has the meaning set forth in Section 2.1.

“Closing Date” has the meaning set forth in the Whereas clause.

“Common Stock” means the common stock, par value \$.001 per share, of the Company.

“Company” has the meaning set forth in the preamble.

“Company Agreement and Plan of Merger” means that Agreement and Plan of Merger dated March 25, 2008, by and among Kayenta Creations, Inc. (the predecessor to the Company), Kayenta Subsidiary Corp., Geospatial Mapping Systems, Inc. and Thomas G. Kimble, an individual.

“Contractual Obligation” means as to any Person, any material provision of any security issued by such Person or any material provision of any agreement, lease of real or personal property, undertaking, contract, indenture, mortgage, deed of trust or other instrument including, without limitation, the organizational or governing documents of such Person, to which such Person is a party or by which it or any of its property is bound.

“Convertible Securities” shall mean stock or other securities convertible into or exchangeable for shares of Common Stock.

“December 2009 Subscription Agreement” means that Subscription and Purchase Agreement entered into on December 15, 2009 by and among the Company and certain investors pursuant to which the Company issued to such investors up to one and a half million dollars of Series A Convertible Preferred Stock and pursuant to which the Company granted to such investors certain registration rights set forth therein.

“Effective Date” has the meaning set forth in the Whereas clause.

“Effective Date Deadline” has the meaning set forth in Section 7.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Financial Statements” means (i) the audited financial statements of the Company (balance sheet, profit and loss statement, statement of stockholders’ equity and statement of cash flows including notes thereto) at December 31, 2009 for the fiscal year then ended, and (ii) the unaudited financial statements (balance sheet, profit and loss statement, and statement of cash flows) at September 30, 2010 for the nine-month period then ended.

“Governmental Authority” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of any government of any nation, state, city, locality or other political subdivision.

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“Holder” means (i) any person owning of record Registrable Shares that have not been sold to the public or (ii) any assignee of record of such Registrable Shares in accordance with Section 7.9 hereof.

“Investor” has the meaning set forth in the preamble.

“March 2010 Subscription Agreement” means that Subscription and Purchase Agreement entered into on March 31, 2010 by and among the Company and certain investors pursuant to which the Company issued to such investors up to approximately nine million seven hundred two thousand dollars of Common Stock and pursuant to which the Company granted to such investors certain registration rights set forth therein.

“October 2009 Subscription Agreement” means that Subscription and Purchase Agreement entered into on October 1, 2009 by and among the Company and certain investors pursuant to which the Company issued to such investors up to one million dollars of Common Stock and pursuant to which the Company granted to such investors certain registration rights set forth therein.

“October 2010 Subscription Agreement” means that Subscription and Purchase Agreement entered into on October 15, 2010 by and among the Company and certain investors pursuant to which the Company issued to such investors up to one million dollars of Common Stock and pursuant to which the Company granted to such investors certain registration rights set forth therein.

“Person” means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

“Preferred Stock” has the meaning set forth in Section 3.6.

“Qualified Public Offering” has the meaning set forth in Section 7.1.

“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.

“Registrable Shares” means the Shares owned or held by the Holders. Notwithstanding the foregoing, Registrable Shares shall not include any securities sold by a Person to the public either pursuant to a registration statement or Securities Act Rule 144 or sold in a private transaction in which the transferor’s rights under Section 7 of this Agreement are not assigned.

“Registration Expenses” means all expenses incurred by the Company in complying with Sections 7.1, 7.2 and 7.3 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration.

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“Registration Penalty Allocation” has the meaning set forth in Section 7.1.

“Requirements of Law” means, as to any Person, the provisions of the certificate of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule, regulation, right, privilege, qualification, license or franchise, order, judgment, or determination of an arbitrator or a court or other Governmental Authority applicable to or binding upon such Person or any of its property (or to which such Person or any of its property is subject) or applicable to any or all of the transactions contemplated by, or referred to in, this Agreement.

“Restricted Period” has the meaning set forth in Section 7.9.

“SEC” or “Commission” means the Securities and Exchange Commission.

“SEC Reports” shall mean all reports required to be filed with the SEC under the Securities Act and the Exchange Act.

“Securities Act” means the Securities Act of 1933, as amended.

“Selling Expenses” means all underwriting discounts and selling commissions applicable to this transaction.

“Series A Convertible Preferred Stock” has the meaning set forth in Section 3.6.

“Shares” means the Common Stock being subscribed for, and received pursuant to this Agreement.

“Stock Option Plan” has the meaning set forth in Section 3.6.

“Violation” has the meaning set forth in Section 7.7.

“Warrant Cancellation” has the meaning set forth in the Whereas clause.

ARTICLE II COMMON STOCK

2.1 **Subscription.** Subject to the terms and conditions of this Agreement and within five days from the Effective Date (the “Closing”), the Investor agrees to receive, and the Company agrees to issue and deliver to the Investor, a certificate representing the Shares that the Investor is receiving in exchange for the release of the Company from any and all agreements that are currently outstanding between the Company, Investor and Reduct, including, but not limited to (i) forgiveness of any past due license fees and minimum purchase obligations and (ii) the Warrant Cancellation, and further for no additional consideration.

2.2 **Amount of Shares.** As of the Effective Date, the Company shall issue to Investor, which Investor hereby accepts, such number of shares of the Company’s capital stock (the “Shares”) as shall be set forth in an exhibit acceptable to Investor, required to bring Investor’s ownership of the Company’s capital stock to the sum of (i) any of the Company’s

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outstanding capital stock, and (ii) outstanding warrants and options to purchase the Company’s capital stock that are currently exercisable at price less than the average closing price of the Company’s capital stock in the 5 trading days preceding closing, multiplied by 18% (the “Percentage Ownership Amount”).

2.3 **Anti-Dilution.** At the beginning of each calendar quarter, starting July 1, 2011, the Company shall be obligated to issue to Investor such additional number of shares of the Company’s capital stock as required to bring Investor’s ownership of the Company’s capital stock to the sum of (i) any of the Company’s outstanding capital stock, and (ii) outstanding warrants and options to purchase the Company’s capital stock that are currently exercisable at price less than the average closing price of the Company’s capital stock in the 5 trading days preceding the beginning of such calendar quarter, multiplied by the Percentage Ownership Amount. If, Investor has through its actions reduced the number of the shares it owns of the Company’s capital stock, then such reduced numbers of shares shall be assumed to be still outstanding and owned by the Investor for purposes of computing the additional shares, if any, issuable to the Investor. If, Investor has through its actions increased the number of shares it owns of the Company’s capital stock, then such increased numbers of shares shall not be included for purposes of computing the Percentage Ownership Amount. Any and all rights attached to shares of the Company’s capital stock issued or issuable hereunder post the Effective Date that are more favorable than those attached to the Investor’s Shares shall also be granted to Investor and shall attach to Investor’s Shares. The Anti-Dilution protection pursuant to the Section 2.3 hereof will be provided for a period of eight (8) years from the Effective Date. Investor actions include, but are not limited to, Investor’s sale, transfer or acquiring of Company’s common stock.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Investor as follows:

3.1 **Organization; Good Standing; Qualification.** The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada, has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted, to execute and deliver this Agreement, to issue the Shares, and to carry out the provisions of this Agreement.

3.2 **Authorization; Binding Effect.** All corporate action on the part of the Company, its directors and stockholders, necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder at the Closing, and the authorization, issuance, and delivery of the Shares being provided hereunder has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered, will constitute the valid and legally binding obligation of the Company, enforceable in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by laws relating to the availability of specific performance.

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injunctive relief, or other equitable remedies. The issuance of the Shares will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with.

3.3 **Valid Issuance of Common Stock.** The Shares, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and under applicable state and federal securities laws. Based in part upon the representations of the Investor in this Agreement, the issuance of the Shares will be in compliance with all Requirements of Law.

3.4 **Non-contravention.** Assuming the accuracy of the representations and warranties of Investor contained herein, the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby, do not and will not (i) violate any Requirements of Law applicable to the Company, or (ii) result in a material breach or default under any of the Contractual Obligations of the Company, or under any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority, in each case applicable to the Company or its properties.

3.5 **Governmental Authorization; Third Party Consent.** No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person in respect of any Requirements of Law, and no lapse of a waiting period under any Requirements of Law, is necessary or required in connection with the execution, delivery or performance by the Company or enforcement against the Company of this Agreement or the transactions contemplated hereby, except (i) such filings as have been or will be made prior to the Closing, (ii) any notices of this transaction required to be filed with the Commission under Regulation D of the Securities Act, and (iii) such post-closing filings as may be required under applicable state securities laws, which will be timely filed within the applicable periods therefor.

a. Preferred Stock. Five million (5,000,000) shares of preferred stock (the "Preferred Stock"), of which one million five hundred seventy five thousand (1,575,000) are designated Series A Convertible Preferred Stock (the "Series A Convertible Preferred Stock"), none of which are outstanding, and three million four hundred twenty five thousand (3,425,000) of which are undesignated.

b. Common Stock. One hundred million (100,000,000) shares of Common Stock, of which forty-five million, five hundred thirty-three thousand, four hundred twenty-three (45,533,423) shares have been duly authorized, issued and delivered and are validly outstanding, fully paid and nonassessable. The Company has reserved (i) fifteen million (15,000,000) shares of Common Stock for issuance pursuant to its 2007 Stock Option Plan adopted December 1, 2007, as amended and restated April 25, 2008 (the "Stock Option Plan"); (ii) six million, two hundred sixty-six thousand, two hundred seventy-two (6,266,272) shares of Common Stock for issuance upon the exercise of outstanding common stock warrants (this

number assumes the Warrant Cancellation); Of such reserved shares, (x) options to purchase twelve million, one hundred fifty thousand (12,100,000) shares of Common Stock have been granted and remain unexercised; (y) two million, eight hundred fifty thousand (2,900,000) shares of Common Stock remain available for issuance to officers, directors, employees and consultants pursuant to the Stock Option Plan. The post-closing capitalization of the Company shall be provided at the Closing Date. Except for securities issuable upon exercise or conversion of the securities described above, the Company has not issued, nor made any commitment to issue, shares, subscriptions, warrants, options, convertible securities or other such rights, nor does the Company have any obligation to distribute to holders of any of its equity securities any evidence of indebtedness or asset.

3.7 Registration Rights. Except as provided in Section 5.12 of the Company Agreement and Plan of Merger, the October 2009 Subscription Agreement, the December 2009 Subscription Agreement, the March 2010 Subscription Agreements, the October 2010 Subscription Agreement, this March 2011 Subscription And Rights Agreement, and Article VII of this Agreement, the Company is currently not under any obligation and has not granted any rights to register under the Securities Act any of its presently outstanding securities or any of its securities that may subsequently be issued. The Company is not a party to any trust or agreement regarding the voting of shares (or the giving of written consents) of its capital stock. To the Company's knowledge, there are no other trusts or agreements regarding the voting of shares of the Company's capital stock.

3.8 Disclosure. The Company has provided the Investor with access to the Company's SEC Reports and all information that the Company believes is reasonably necessary to enable the Investor to decide whether to purchase the Shares.

3.9 Exempt Offering. Subject to the truth and accuracy of the Investor's representations set forth in this Agreement, and the truth and accuracy of the representations made by other investors in this Offering in their respective subscription agreements, the offer and issuance of the Shares under the circumstances contemplated by this Agreement are exempt from the registration requirements of the Securities Act.

3.10 Changes. To the best of the Company's knowledge, except as set forth on Schedule 3.10, since the date of its most recent SEC Reports there has not been:

a. any change in the assets, liabilities, financial condition, business, property or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been and are not expected to be, individually or in the aggregate, materially adverse;

b. any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the business, properties, prospects, or financial condition of the Company (as such business is presently conducted and as it is presently proposed to be conducted);

c. any waiver or compromise by the Company of a valuable right or of a material debt owed to it;

d. any material change to a material contract or arrangement by which the Company or any of its assets is bound or subject;

e. any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder;

f. any sale or assignment of any patents, trademarks, copyrights, trade secrets, or other intangible assets;

g. any resignation or termination of employment of any key officer of the Company, and the Company, to the best of its knowledge, does not know of the impending resignation or termination of employment of any such officer;

h. any mortgage, pledge, transfer of a security interest in, or lien, created by the Company with respect to any of its material properties or assets, except as for taxes not yet due or payable or contested by the Company in good faith;

i. any loans or guarantees made by the Company to or for the benefit of any officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of business;

j. any declaration, setting aside, or payment of any dividend or other disposition of the Company's assets in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase, or other acquisition of any such stock by the Company;

k. to the best of the Company's knowledge, any other event or condition of any character that might materially and adversely affect the business prospects, or financial condition of the Company (as such business is currently conducted and as it is presently proposed to be conducted); or

l. any agreement or commitment by the Company to do any of the things described in this Section 3.10.

3.11 SEC Reports: Financial Statements. The Company has filed with the Commission all SEC Reports required to be filed by it since the effective date of its registration statement, in each case, within the time periods specified in the Commission's rules and regulations. Except as otherwise disclosed to the Investor, as of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Company's financial statements included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and any consolidated subsidiaries as of and for the dates thereof and the results of operations and

cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. Notwithstanding the foregoing, the Company hereby informs Investor that it will not be able to file its 10-K by the March 31, 2011 filing deadline, which Investor hereby acknowledges .

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF INVESTOR

The Investor hereby represents and warrants as of the date hereof as follows:

4.1 Authorization/Binding Effect. The Investor has full power and authority to enter into this Agreement, and this Agreement, when executed and delivered, will constitute a valid and legally binding obligation of the Investor, enforceable against Investor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

4.2 Non-contravention. The execution, delivery and performance of this Agreement by the Investor, and the consummation of the transactions contemplated hereby, do not and will not (a) violate any Requirements of Law applicable to Investor, or (b) result in a material breach or default under any of the Contractual Obligations of Investor, or under any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority, in each case applicable to Investor or Investor's properties.

4.3 Governmental Authorization; Third Party Consent. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person in respect of any Requirements of Law, and no lapse of a waiting period under any Requirements of Law, is necessary or required in connection with the execution, delivery or performance by Investor (including, without limitation, the acquisition of the Shares) or enforcement against Investor of this Agreement or the transactions contemplated hereby.

4.4 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with Investor or any action taken by Investor. The Company shall not be liable for any costs or expenses incurred by or on behalf of Investor in connection with this Agreement or the transactions contemplated hereby.

4.5 Securities Law Representations.

a. This Agreement is made with the Investor in reliance upon the Investor's representation to the Company, which by the Investor's execution of this Agreement the Investor hereby confirms, that the Shares to be received by the Investor will be acquired for investment for Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Investor further represents that the Investor does not have any contract, undertaking,

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agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Shares.

b. Investor's financial condition is such that Investor can afford to bear the economic risk of holding the shares for an indefinite period of time and has adequate means for providing for Investor's current needs and contingencies and to suffer a complete loss of Investor's investment in the Shares.

c. Investor understands and acknowledges that (i) the Shares are being offered and sold under one or more of the exemptions from registration provided for in Section 4(2), 4(6) or 3(b) of the Securities Act, including Regulation D promulgated thereunder, and any applicable state securities laws, (ii) Investor is purchasing the Shares without being offered or furnished any offering literature or prospectus other than as described in Section 4.6, and (iii) this transaction has not been reviewed or approved by the Shared States Securities and Exchange Commission or by any regulatory authority charged with the administration of the securities laws of any state or foreign country.

d. Investor is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, as amended.

e. Investor has been advised of and consents to the placement of a restrictive legend in the following form on the certificates representing the Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT."

4.6 Investment Information. The Investor, in making the decision to receive the Shares, has relied solely upon the Investor's independent investigations and has had access to the Company's SEC Reports. The Investor represents that the Investor has read this Agreement and the Company's SEC Reports and the Investor is familiar with the disclosures herein and therein. In evaluating the suitability of an investment in the Company, the Investor has not relied upon any representations or other information (whether oral or written) other than as set forth in this Agreement, the Company's SEC Reports or as contained in any written answers to questions furnished by the Company or by any Person on the Company's behalf.

4.7 Sophistication of Investor. The Investor either (a) has a preexisting personal or business relationship with the Company or its controlling Persons, such as would enable a reasonably prudent investor to be aware of the character and general business and financial circumstances of the Company or its controlling Persons, or (b) by reason of the Investor's business or financial experience, individually or in conjunction with the Investor's

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unaffiliated professional advisors, the Investor is capable of evaluating the merits and risks of an investment in the Shares, making an informed investment decision and protecting the Investor's own interests.

4.8 Securities Act Compliance. The Investor understands that:

a. The Shares have not been registered under the Securities Act by reason of one or more specific exemptions available under the provisions of the Securities Act which depends in part upon the investment intent and the representations and warranties of the Investor made in this Agreement.

b. In issuing the Shares to the Investor, the Company is relying upon these representations and warranties.

c. Any routine sales of the Shares in reliance upon Rule 144 under the Securities Act (if the provisions of such Rule should then be

available as to the Shares) can be made only after the holding period specified in the Rule, in limited amounts, and in compliance with all the terms and conditions of that Rule.

d. In the case of Shares to which Rule 144 is not applicable, compliance with Regulation A under the Securities Act or some other exemption will be required.

e. Rule 144 is not now available for re-sales of the Shares by the Investor.

f. This Agreement does not impose any obligation on the Company to register the Shares or to comply with Regulation A or any other exemption under the Securities Act or to supply any information necessary to permit routine sales under Rule 144.

4.9 Continuing Effect. The Investor agrees that the representations and warranties set forth in this Article IV are true and accurate as of the date of this Agreement and shall be true and accurate as of the Closing Date, and shall survive the Closing.

ARTICLE V **CONDITIONS OF INVESTOR'S OBLIGATIONS AT CLOSING**

The obligations of the Investor under Section 2.2 of this Agreement are subject to the fulfillment on or before the Closing Date of each of the following conditions, the waiver of which shall only be effective against the Investor if the Investor consents in writing thereto:

5.1 Representations and Warranties. The representations and warranties of the Company contained in Article III shall be true on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date, except for subsequent issuances of capital stock of the Company made upon the conversion or exchange of securities described in Section 3.6.

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5.2 Performance. The Company shall have performed and complied with all agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing Date.

5.3 Consents and Approvals. All authorizations, approvals, or permits, if any, of any Governmental Authority required in connection with the lawful issuance of the Shares pursuant to this Agreement shall be duly obtained and effective as of the Closing.

5.4 Capitalization. The Company shall have realized the post-closing capitalization as a result of the Capital Raise.

ARTICLE VI **CONDITIONS OF THE COMPANY'S OBLIGATIONS AT CLOSING**

The obligations of the Company under Section 2.2 of this Agreement are subject to the fulfillment on or before the Closing Date of each of the following conditions:

6.1 Representations and Warranties. The representations and warranties of the Investor contained in Article IV shall be true on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

6.2 Performance. The Investor shall have performed and complied with all agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by the Investor on or before the Closing Date.

6.3 Consents and Approvals. All authorizations, approvals, or permits, if any, of any Governmental Authority required in connection with the lawful issuance of the Shares pursuant to this Agreement shall be duly obtained and effective as of the Closing.

6.4 Capitalization. The Company shall have realized the post-closing capitalization as a result of the Capital Raise.

ARTICLE VII **REGISTRATION; COVENANTS OF THE COMPANY**

7.1 Registration.

a. Subject to the conditions of this Section 7.1, the Company shall file a registration statement and effect the registration under the Securities Act covering all Initial Registrable Shares within six (6) months following the issue of the Initial Registrable Shares to the Investor hereunder (the "Effective Date Deadline"). The Company shall file a registration statement under the Securities Act covering any additional shares issued to Investor hereunder as follows: (1) every twelve (12) months thereafter as required to register any Investor shares not previously registered; (2) earlier than every twelve months if: (i) to the extent that any matter comes to the Company's Board of Director's attention, that without the additional registration rights for any non-registered stock, Investor's position would be harmed; (ii) to the extent that an

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event occurs requiring registration, the balance of the non-registered shares shall be registered; and (iii) Investor, at its own cost and expense, desires to have the non-registered shares registered.

b. In the event the Company fails to effect a registration of the Registrable Shares by the Effective Date Deadline, then (i) the Company shall effect a registration as soon thereafter as practicable, (ii) Investor shall receive an additional allocation of Registrable Shares equal to two percent (2 %) of the total Percentage Ownership Amount of Registrable Shares pursuant to this Agreement (the "Registration Penalty Allocation"), and (iii) for each thirty (30) day period after the Effective Date Deadline for which the Company continues to be unable to effect a registration pursuant to this Section 7.1, Investor shall receive an additional Registration Penalty Allocation.

7.2 Piggyback Registration. The Company shall notify all Holders of Registrable Shares 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 such Holder an opportunity to include in such registration statement all or part of such Registrable Shares held by such Holder 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. Each Holder desiring to include in any such registration statement all or any part of the Registrable Shares held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. If a Holder decides not to include some or all of its Registrable Shares in any registration statement thereafter filed by the Company or decides to withdraw its Registrable Shares from any underwriting or registration pursuant to Section 7.1, such Holder shall nevertheless continue to have the right to include any Registrable 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

a. *Underwriting.* If the registration statement under which the Company gives notice under this Section 7.2 is for an underwritten offering, the Company shall so advise the Holders of Registrable Shares. In such event, the right of any such Holder to be included in a registration pursuant to this Section 7.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Shares in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Shares through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of securities to be underwritten and advises the Holders of Registrable Shares in writing, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a pro rata basis based on the total number of Registrable Shares held by the Holders; and third, to

any holder of securities of the Company (other than a Holder) on a pro rata basis. In making any such reduction, all shares held by employees of the Company which are not Registrable Shares shall first be excluded. No such reduction shall (i) reduce the securities being offered by the Company for its own account to be included in the registration and underwriting or (ii) reduce the amount of Registrable Shares of the selling Holders included in the registration below thirty three and one-third percent (33 1/3%) of the total amount of securities included in such registration, unless such offering is the Initial Offering, in which event any or all of the Registrable Shares of the Holders may be excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Shares excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership, limited liability company or corporation, the partners and members, retired partners and members and shareholders of such Holder, or the estates and family members of any such partners and members and retired partners and members and any trusts for the benefit of any of the foregoing person shall be deemed to be a single "Holder," and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

b. *Right to Terminate Registration.* The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 7.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 7.4 hereof.

7.3 *Form S-3 Registration.* If the Company shall receive from Holders of at least seventy five percent (75%) of the Registrable Shares then outstanding a written request or requests that the Company effect a registration on Form S-3 or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Shares owned by such Holder or Holders, the Company will:

a. promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

b. as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Shares as are specified in such request, together with all or such portion of the Registrable Shares of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; *provided, however,* that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 7.3:

(i) if Form S-3 is not available for such offering by the Holders, or

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Shares and such other securities (if any) at an aggregate price to the public of less than five hundred thousand dollars (\$500,000), or

(iii) if the Company shall furnish to the Holders a certificate signed by the chairman of the Board of Directors of the Company or its chief executive officer stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 7.3; *provided,* that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period, or

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected one (1) registration on Form S-3 for the Holders pursuant to this Section 7.3.

c. Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Shares and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 7.3 shall not be counted as demands for registration or registrations effected pursuant to Section 7.1 or Section 7.2, respectively.

7.4 *Expenses of Registration.* Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Sections 7.1, 7.2 or 7.3 herein shall be borne by the Company. All Selling Expenses applicable to Registrable Shares sold by Holders incurred in connection with any registrations hereunder shall be borne by the Holders of the securities so registered pro rata on the basis of the number of shares so registered.

7.5 *Obligations of the Company.* Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

a. Prepare and file with the SEC a registration statement with respect to such Registrable Shares and use its best efforts to cause such registration statement to become effective as soon as possible, and in any event within thirty (30) days of the date on which the obligation to effect such registration arises, and, upon the request of the Holders of a majority of the Registrable Shares registered thereunder, keep such registration statement effective for up to one hundred eighty (180) days or, if a shelf registration pursuant to Securities Act Rule 415, until the Holder or Holders have completed the distribution related thereto.

b. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to

c. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Shares owned by them.

d. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders.

e. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement, *provided* that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of the Holders greater than the obligations set forth in Sections 7.7(b) and (d).

f. Notify each Holder of Registrable Shares covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and correct such misrepresentation or omission as expeditiously as reasonably possible.

g. Use its best efforts to furnish, on the date that such Registrable Shares are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) to the Holders requesting registration of Registrable Securities, a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters.

h. Cooperate and assist in any filings to be made with the National Association of Securities Dealers, Inc.

i. Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by the Company are then listed, or cause such Registrable Shares to be authorized for trading on the Nasdaq Stock Market if any similar securities issued by the Company are then so authorized, if requested by the Holders of a majority of such Registrable Securities.

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j. Provide a transfer agent and registrar for all Registrable Shares registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

k. In connection with an underwritten offering, to the extent requested by the managing underwriters or Holders, participate in and support customary efforts to sell the Registrable Shares in the offering; including without limitation, participating in "road shows."

7.6 Delay of Registration; Furnishing Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 7.1, 7.2 or 7.3 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Shares held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

7.7 Indemnification. In the event any Registrable Shares are included in a registration statement under Section 7.1, 7.2 or 7.3:

a. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, stockholders, members, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will pay as incurred to each such Holder, partner, stockholder, member, officer, director, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided, however*, that the indemnity agreement contained in this Section 7.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, underwriter or controlling person of such Holder.

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b. To the extent permitted by law, each Holder will, if Registrable Shares held by such Holder are included in the securities as to which such registration, qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its stockholders, directors, officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, stockholders, members, officers and directors, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such stockholder, director, officer, controlling person, underwriter or other such Holder, or the partners, stockholders, members, officers and directors of such other Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will pay as incurred any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or the partners, stockholders, members, officers and directors of such other Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; *provided, however*, that the indemnity agreement contained in this Section 7.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; *provided further*, that in no event shall any indemnity under this Section 7.7 exceed the proceeds from the offering received by such Holder; *provided further*, that any payments will be repaid to each such Holder if the Company acted recklessly.

c. Promptly after receipt by an indemnified party under this Section 7.7 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 7.7, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided*,

however, that an indemnifying party will not be relieved of its obligation to indemnify the indemnified party, if in the reasonable opinion of counsel representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if (and only to the extent) materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section

7.7, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 7.7.

d. If the indemnification provided for in this Section 7.7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided*, that in no event shall any contribution by a Holder hereunder exceed the proceeds from the offering received by such Holder.

e. The obligations of the Company and Holders under this Section 7.7 shall survive completion of any offering of Registrable Shares in a registration statement and the termination of this Agreement. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

7.8 Assignment of Registration Rights. The rights to cause the Company to register Registrable Shares pursuant to this Article VII may be transferred or assigned by a Holder to a transferee or assignee of Registrable Shares which (a) is a subsidiary, parent, stockholder, general partner, limited partner, retired partner, member, retired member or Affiliate of a Holder, (b) is a Holder's Immediate Family member or an estate or trust of or for the benefit of an individual Holder, or (c) acquires at least twenty percent (20%) of the Registrable Shares held by such Holder; *provided, however*, (i) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall become a party to this Agreement.

7.9 "Market Stand-Off" Agreement; Agreement to Furnish Information. Each Holder hereby agrees that such Holder shall, if requested by the underwriter of any underwritten public offering of the Company's Common Stock, agree with such underwriter not to sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale of, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company (the "Restricted Period") not to exceed ninety (90) days following the effective date of any registration statement of the Company filed under the Securities Act in

connection with the Initial Offering; *provided* that such agreements shall not apply to Registrable Shares included in such registration statement or sales or similar transactions effected pursuant to a valid exemption from the registration requirements of the Securities Act. Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Holder shall provide, within ten (10) days of such request, such information concerning such Holder as may be reasonably requested by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 7.9 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of the Restricted Period.

7.10 Information Regarding the Company. With a view to making available to the Investor the benefits of certain rules and regulations of the SEC which may permit the sale of the Shares to the public without registration, the Company agrees to:

a. Following the date upon which the Company registers the Common Stock with the Commission under Section 12 of the Exchange Act, the Company will file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

b. So long as Investor owns any Shares, furnish to Investor forthwith upon request: (i) a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act (at any time after it has become subject to such reporting requirements); (ii) a copy of the most recent annual or quarterly report of the Company; and (iii) such other reports and documents as the Investor may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell the Shares without registration.

7.11 Restrictions on Transfer.

a. Each certificate representing Shares shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the legend contained in Section 4.5(e).

b. The Company shall be obligated to reissue promptly unlegended certificates at the request of any holder thereof if the holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend.

c. Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed

upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

8.1 Indemnification. The Investor agrees to indemnify and hold harmless the Company, its officers, managers, affiliates, counsel, agents and each other Person, if any, who controls or is controlled by it, within the meaning of Section 15 of the Securities Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon (a) any false representation or warranty or breach or failure by the Investor to comply with any covenant or agreement made by the Investor herein or in any other document furnished by the Investor to any of the foregoing in connection with this transaction, or (b) the disposition of any of the Shares contrary to the Investor's declaration, representations and warranties in this Agreement.

8.2 Amendment. This Agreement may be amended, modified or supplemented at any time by the parties hereto only by an instrument in writing signed on behalf of each of the parties hereto. No agreement made through the use of electronic records or electronic signatures, as those terms are used in the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Sec. 7001 et. seq., shall be enforceable or binding on either party hereto. Notwithstanding the previous sentence, facsimile signatures, telecopied signatures, or copies of signatures in PDF format sent by e-mail, will constitute a sufficient form of writing for purposes of this Section 8.2 and Section 8.3.

8.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

8.5 Governing Law. This Agreement, and any disputes arising hereunder or controversies related hereto, shall be governed by and construed in accordance with the internal laws of the State of New York except for the laws governing conflicts of law thereof (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

8.6 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired.

8.7 Entire Agreement; Waivers. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth

herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

8.8 Further Assurances. Each of the parties 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.

8.9 Notices. All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or first class mail, postage prepaid, or express overnight courier service, to the address set forth on the signature page hereof.

[SIGNATURE PAGE FOLLOWS]

GEOSPATIAL HOLDINGS, INC.

SUBSCRIPTION AGREEMENT
COUNTERPART SIGNATURE PAGE

IN WITNESS WHEREOF, the Company and the Investor have executed this Agreement as of 5 April 2011.

COMPANY:

GEOSPATIAL HOLDINGS, INC.

Address of the Company:

By: /s/ Mark A. Smith

229 Howes Run Road
Sarver, PA 16055

Name: Mark A. Smith
Title: President

INVESTOR:

NAME OF INVESTOR:

Peter Magnus
Print Name

Address of Investor:

74 Due de Merl _____

/s/ Peter Magnus
Signature

L-2146 Luxemburg _____

CEO, Delta Networks
Title (if Investor is not a natural person)

Luxemburg _____

E-Mail Address: p.magnus@delta.assets.com

Fax Number: +32-3-4517731

- 1) Asset Purchase Agreement dated as of the 7th day of March, 2011 by and among USIC Locating Services, Inc., Utility Services and Consulting Corp., and Geospatial Holdings, Inc.
- 2) Termination of the December 15, 2009 Amended & Restated Exclusive License and Distribution Agreement by and between Reduct, NV, Geospatial Holdings, Inc, Geospatial Mapping Systems, Inc, and, on a limited basis, Delta Networks, SA, on the terms set forth therein.
- 3) Execution, as of the Effective Date, of a License and Distribution Agreement by and between Reduct, NV, Geospatial Holdings, Inc, Geospatial Mapping Systems, Inc, and, on a limited basis, Delta Networks, SA.
- 4) On September 30, 2010, there were 71 employees. As the date hereof, there are 15 remaining employees, including those currently furloughed.

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

Exhibit 10.3

SETTLEMENT AGREEMENT

THIS AGREEMENT is made as of this 8th day of April, 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); the Investors have accrued the right to an additional 1,672,947 shares of Geospatial common stock due to the failure of Geospatial to timely register the 6,800,837 shares as summarized on Attachment A hereto, which additional shares shall be issued to the Investors prior to the end of the Deferral Period, as defined herein (the "Penalty Shares") (collectively, all such shares (which when combined, amount to 8,473,784 shares) are hereinafter referred to as the "Investors' Aggregate Holdings");

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, Geospatial represented that it has negotiated, and is in the final stages of executing, a License and Distribution Agreement and a Subscription Agreement with Reduct NV (the "Reduct Agreements"), which shall become effective upon the successful Anticipated Capital Raise (as defined herein);

WHEREAS, Geospatial plans to raise additional equity capital (whether in the form of common stock or preferred stock) of not less than the aggregate amount of \$5,000,000 (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"); 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. Geospatial shall issue and provide to the Investors the Penalty Shares prior to the end of the Deferral Period.
 - b. 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(g)) 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."
 - c. 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.
 - d. 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 Investors' Aggregate Holdings shall then be subtracted from the resulting number of shares as demonstrated below:

$$\frac{\text{Investors' Aggregate Investment}}{\text{Anticipated Capital Raise Purchase Price}} - \text{Investors' Aggregate Holdings} = \text{Number of Settlement Shares}$$

For purposes of this Agreement, the Investors' Aggregate Holdings shall be the number of shares of common stock purchased by the

- e. 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

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be issued to the Investors is to be apportioned across the individual Investors.

- f. 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.
- g. Geospatial shall register the Investors' Aggregate Holdings and the Settlement Shares 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.
- h. 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(f).
- i. The Investors agree to suspend their entitlement to any additional Penalty Shares for any continued failure on the part of Geospatial to register their 6,800,837 shares of Geospatial stock for any period after April 30, 2011 (*i.e.*, that any Penalty Shares shall stop accruing on April 30, 2011). The Investors further agree that upon (i) Geospatial's execution 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 4, and (ii) Geospatial's effectuation of the Anticipated Capital Raise as set forth in Paragraph 5, they shall waive and forever release Geospatial from its obligation to issue any additional Penalty Shares beyond those accrued as of April 30, 2011 pursuant to the documents executed in connection with the Offerings. (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(g)).

2. 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 execution of the Reduct Agreements described in Paragraph 4, or the Anticipated Capital Raise described in Paragraph 5.
- b. Smith shall not receive any additional shares of Geospatial stock pursuant to the transfer of securities described in Paragraph 1; Smith is expressly

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excluded from the group of investors who will receive securities in accordance with this Agreement.

- c. 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.
- d. 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.

3. Deferral of Pursuit of Claims. The Investors shall take no further action in pursuit of the Claims for a period of 120 days from the Effective Date (the "Deferral Period").

4. Reduct Agreements. Geospatial shall execute 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.

5. Anticipated Capital Raise. Geospatial shall raise additional equity capital (whether in the form of common stock or preferred stock) of not less than \$5,000,000.00 prior to the end of the Deferral Period.

6. Tolling of Applicable Statutes of Limitation. In the event that Geospatial (i) does not complete the Stock Issuance to the Investors as set forth in Paragraph 1, (ii) does not execute the Reduct Agreements and cause it 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 4, or (iii) fails to effect the Anticipated Capital Raise prior to the end of the Deferral Period as set forth in Paragraph 5, the Investors may file a lawsuit against Geospatial and its Executives regarding the Claims at any time through and including October 15, 2011 and Geospatial and its Executives agree that they will not raise a defense of the running of any statute of limitations, statute or 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 15, 2011.

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

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petition for bankruptcy, the Investors may file a lawsuit against Geospatial and its Executives regarding the Claims at any time through and including April 30, 2016 and Geospatial and its Executives agree that they will not raise a defense of the running of any statute of limitations, statute or 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 April 30, 2016.

7. General Releases. Upon (i) the completion of the Stock Issuance to the Investors as set forth in Paragraph 1, (ii) Geospatial's execution of the Reduct

- 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

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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.

8. **Bankruptcy Proceedings; Invalidation of General Release.** If, at any time within five (5) years after the Effective Date, Geospatial or its wholly-owned subsidiary Geospatial Mapping Systems, Inc. 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 7(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.

9. **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 on the same terms and conditions as set forth herein with respect to the Stock Issuance. 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; and
- b. 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.
- c. The foregoing provisions of this Paragraph 9 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).

10. **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.

11. **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,

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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.

12. **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. 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.

13. **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.

14. **Entire Agreement.** This Agreement constitutes the entire Agreement of the parties, and supersedes all prior and contemporaneous negotiations and

agreements, oral or written. 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.

15. 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.

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16. 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.

17. 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.

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

19. 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.

20. 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.

21. 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
Telephone: (612) 436-9801
Facsimile: (612) 436-9819
jross@rossbizlaw.com
kpierce@rossbizlaw.com

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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

22. 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.

23. 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.

24. Directors' and Officers' Liability Insurance. Geospatial shall maintain directors' and officers' liability insurance for a period of ten (10) years following the date of this Agreement 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.

BRAD BROOKS

Date: April 7, 2011

/s/ Brad Brooks

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Date: _____

KENNETH CALLIGAR

/s/ Kenneth Calligar

JEREMY CARTON

Date: April 8, 2011

/s/ Jeremy Carton

JONATHAN CUNNINGHAM

Date: April 8, 2011

/s/ Jonathan Cunningham

WILLIAM DENKIN

Date: _____

/s/ William Denkin

OMAR HASAN

Date: April 8, 2011

/s/ Omar Hasan

J. MITCHELL HULL

Date: April 8, 2011

/s/ J. Mitchell Hull

JONATHAN KALIKOW

Date: April 8, 2011

/s/ Jonathan Kalikow

BENJAMIN KLOPP

Date: April 8, 2011

/s/ Benjamin Klopp

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GILBERT LI

Date: April 8, 2011

/s/ Gilbert Li

MICHAEL LLOYD

Date: April 8, 2011

/s/ Michael Lloyd

MICHAEL MATLIN

Date: April 8, 2011

/s/ Michael Matlin

NOEL MELLER

Date: April 7, 2011

/s/ Noel Meller

RAYMOND MINELLA

Date: April 6, 2011

/s/ Raymond Minella

JEFFREY MOSKOWITZ

Date: April 7, 2011

/s/ Jeffrey Moskowitz

RAYMOND MURPHY

Date: April 7, 2011

/s/ Raymond Murphy

JEFFREY PARKET

Date: April 7, 2011

/s/ Jeffrey Parket

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DAVID PRITCHARD

Date: April 8, 2011

/s/ David Pritchard

ARTHUR RABIN

Date: April 7, 2011

/s/ Arthur Rabin

JASON RABIN

Date: April 9, 2011

/s/ Jason Rabin

ANDREA ROSEN

Date: _____

/s/ Andrea Rosen _____

MARK ROSEN

Date: _____

/s/ Mark Rosen _____

SCOTT SKLAR

Date: April 11, 2011

/s/ Scott Sklar _____

DAVID SODOWICK

Date: April 8, 2011

/s/ David Sodowick _____

JONATHON SOPHER

Date: April 8, 2011

/s/ Jonathon Sopher _____

TRUMP SECURITIES, LLC

Date: April 7, 2011

By: /s/ Carl Goodman _____

Title: Manager

ADAM WACHTER

Date: _____

/s/ Adam Wachter _____

FLORINE WACHTER

Date: _____

/s/ Florine Wachter _____

JULES WACHTER

Date: _____

/s/ Jules Wachter _____

ADAM ZIRKIN

Date: April 8, 2011

/s/ Adam Zirkin/KKP _____

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 _____

News Release

Geospatial Enters Into Strategic Alliance with Reduct

PITTSBURGH, PA April 13, 2011 /PRNewswire/ -- Geospatial Holdings, Inc. (OTC Bulletin Board "GSPH") (Geospatial) and Reduct NV (Reduct) have formed a strategic alliance to expedite the deployment of Reduct's DuctRunner/Smart Probe Pipeline Mapping Technologies and Geospatial's GeoUnderground™ Web-based GIS Portal into the global marketplace. Highlights of the alliance include:

- A new ten year license and distribution agreement (License Agreement) between Geospatial and Reduct for Geospatial's current market territory of North America, South America and Australia. The License Agreement also provides for a gateway to Russia, Oman, Jordan, Abu Dhabi and Qatar.
- The License Agreement provides Geospatial non-exclusive rights for its current market position, along with the provision for exclusive rights in the United States and other territories upon the achievement of specified sales benchmarks.
- As part of the License Agreement, Peter Magnus (CEO of Reduct's parent company, Delta Networks, SA) has agreed to join the Geospatial Board of Directors.
- The License Agreement, which was executed on April 11, 2011, will be in full force and effect upon Geospatial's completion of a stipulated capital raise. Reduct will rescind its notice of termination of the predecessor license and distribution agreement and relinquish any associated claims when the new agreement becomes effective.

- MORE -

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- Under the License Agreement, Reduct will earn a 5% royalty on all of Geospatial's revenue and Geospatial will earn a 5% commission on global sales of Reduct probes, outside Geospatial's current market territory, that utilize Geospatial's proprietary GeoUnderground™ GIS software.
 - As consideration for entering into the new agreement and forgiveness of \$3 million in outstanding license fees payable to Reduct, Delta Networks will be issued Geospatial common stock equivalent to 18% of the Geospatial's common stock outstanding at the effective date of the agreement and for a period of eight years thereafter.

Timothy Sutherland, Chairman and Chief Executive Officer of Pace Global Energy Services, LLC and member of Geospatial's Board of Directors commented: "Over recent months, we have been working diligently with Reduct to develop an agreement that leverages the value of both Geospatial and Reduct for the benefit of its stockholders and customers. We feel we have structured a business relationship founded upon the alignment of the two companies' economic interests, which will create value over the long term".

John Green, Chairman of the Board of Reduct commented: "We welcome the changes in the strategic plan that Geospatial has adopted and share Timothy Sutherland's view of the global potential that this strategic relationship holds for both companies."

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.

GeoUnderground, the company's powerful (GIS) geographic information system database enables users to view and utilize this 3D pipeline mapping information securely from any desktop or via a standard browser. GeoUnderground seamlessly integrates with all known technologies gathering above-ground geo-referenced digital information and all standard GIS databases.

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.

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About Reduct

Reduct NV is a leading developer of gyroscope based pipeline mapping technologies and systems that enable accurate 3D location of underground pipelines and duct infrastructure.

Based on its patented DuctRunner technology, Reduct offers a range of pipeline mapping systems starting with the world's smallest gyroscopic mapping tool for ducts with an internal diameter of just 40mm/1.5" up to system for pipes with internal diameters of 1450mm/58" and beyond.

Recently, Reduct launched its first integrated XYZ and DVR (video) system allowing users to accurately and efficiently determine coordinates of pipeline anomalies, lateral connection and other in-pipe details.

For further information please visit our website [http:// www.ductrunner.com](http://www.ductrunner.com).

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

SOURCE: Geospatial Holdings, Inc.

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

Exhibit 99.2

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News Release

Contact:
Pace Global Energy Services, LLC
Dan Sullivan, Marketing Director
+1-703-539-1146

Geospatial Enters Into Settlement Agreement with Investor Group and Announces Leadership Succession Plan

PITTSBURGH, PA April 13, 2011 /PRNewswire/ -- Geospatial Holdings, Inc. (OTC Bulletin Board "GSPH") (Geospatial) has entered into a settlement agreement with 29 investors that purchased shares of the Company's capital stock in private placements in October and December 2009 and March 2010. The investors had 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 Company's Board of Directors unanimously approved the settlement agreement. While disputing all claims of misconduct by the Company's officers, the Board concluded that Geospatial would be unable to raise essential equity capital if the Company did not enter into the settlement agreement. Further, the Board concluded that without new equity capital the Company would be unable to continue its business as a going concern resulting in a complete loss of investment value for all of the Company's shareholders.

The investors have agreed not to pursue their claims for a period of 120 days during which the Company plans to raise additional equity capital. Provided the Company raises at least \$5 million in new equity capital before the expiration of 120 days, the investors have agreed to forever waive their right to pursue their claims against the Company and its officers, except in the event the Company files for bankruptcy. Following the closing of an equity offering of at least \$5 million, the Company has agreed that the investors will be granted additional shares of Geospatial stock. 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 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 the same offering price to be established in the upcoming offering.

- MORE -

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 the Company or its officers, the Company's Board of Directors has concluded that such investors should be treated equitably with the investors that are party to the settlement agreement. Accordingly, the Company plans to offer all such investors settlements consistent with the terms outlined above.

Mr. Smith has agreed to resign his position as Chairman and Chief Executive Officer and step-down from the Company's Board of Directors upon closing of the anticipated capital raise. At that time, the Board intends to appoint David Dresner to succeed Mr. Smith as CEO. Further, Timothy Sutherland would become non-executive Chairman of the Company's Board of Directors, while Thomas Ridge will continue to serve as a member of the Board. Mr. Dresner is the former CEO of Statoil Energy (a division of StatoilHydro) and a 20 year veteran of Pricewaterhouse Coopers where he served as Office Managing Partner. Mr. Sutherland is the Chairman and CEO of Pace Global Energy Services, LLC, a leading energy consulting and management company.

"Speaking for myself and the Board, we are excited about the opportunities that lie ahead. Reduct, Geospatial and key stakeholders have invested a great deal of time and effort to realign the Company's operations and formulate a business model that provides a path for economic success. Under its new leadership, Geospatial will be well positioned to capitalize on the rapidly growing market opportunity for mapping underground infrastructure" said Timothy Sutherland.

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Page 2

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SOURCE: Geospatial Holdings, Inc.



Probe Components	
OMU (OD 37-39mm/1.46"-1.54")	
2 Control Units	
Panasonic Toughbook	
Rugged Flight Case	
3 Batteries + Charger	
Manual	
Accessory Tool Box	
1-Year Maintenance	
1-Year Warranty	

Rubber Spacers	OD (mm)	OD (Inch)
Small mounting rings and small DR2.0 odometer	44	1.7
	46	1.8
	48	1.9
	50	2.0
	52	2.0
Medium mounting rings and medium DR2.0 odometer	54	2.1
	56	2.2
	58	2.3
	60	2.4
	62	2.4
Large mounting rings and large DR2.0 odometer	64	2.5
	66	2.6
	68	2.7
	70	2.8
	72	2.8
	74	2.9

Software licenses	
X-Traction	
X-View	
X-Bend	



Probe Components	
OMU	
2 Control Units	
Panasonic Toughbook	
Rugged Flight Case	
3 Batteries + Charger	
Manual	
Accessory Tool Box	
1-Year Maintenance	
1-Year Warranty	

Operating range	Pipe ID (mm)	Pipe ID (In)
From	73	2.9
To	95	3.7

Software licenses	
X-Traction	

X-View
X-Bend

DR-HDD-4.2 Pipeline Mapping System



Probe Components

Choice of:
- DR-HDD-4.2 OMU (752mm/29.6" long)
- DR-HDD-4.2S OMU (622mm/24.5" long)
- DR-HDD-4.2XS OMU (504mm/20.8" long)
2 Control Units
Panasonic Toughbook
Rugged Flight Case
3 Batteries + Charger
Manual
Accessory Tool Box
1-Year Maintenance
1-Year Warranty

Operating range	From Pipe ID	To Pipe ID
WUS-0320	80mm	500mm
	3.2"	20"
WUS-2058	500mm	1480mm
	20"	58"

Wheel Units Sets details on following page

Software licenses

X-Traction
X-View
X-Bend

Wheel Unit Set WUS-0320



Wheel Spacer Set Components

WU0308 wheel spacer
WU0308 wheel spacer with Odometer
2 x Axis WU-0820
4 x Preassembled Plain Wheel Arms 0820
2 x Preassembled Odometer Wheel Arms 0820
4 x Wheel ID4313
2 x Odometer Wheel ID4313
4 x Wheel ID8232
2 x Odometer Wheel ID8232
2 x Triangle T1
2 x Triangle T2
Rugged Flight Case
Manual
Accessory Tool Box

Wheel Unit Set WUS-2058

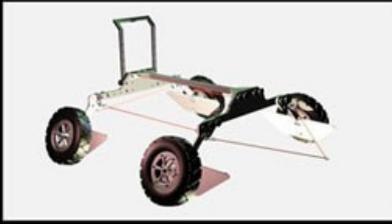


Wheel Spacer Set Components

2 x Axis WU-2058
2 x Spacer Triangle
4 x Preassembled Plain Wheel Arms 2058
2 x Preassembled Odometer Wheel Arms 2058
4 x Wheel ID8232

4 x Wheel ID8232
2 x Odometer Wheel ID8232
6 x Short Extension Arms
6 x Medium Extension Arms
6 x Long Small Arms
3 x Reinforcement Bar
Rugged Flight Case
Manual
Accessory Tool Box

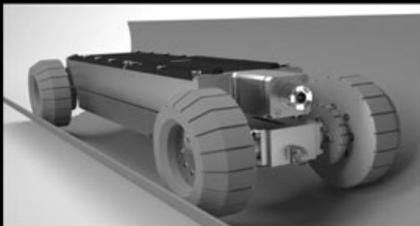
OMU Frame 60"+



Frame Components (subject to review)

2 x Mounting Plates
1 x OMU bar (holds up to 3 OMUs)
4 x Wheel Arms
4 x 16" Wheels
4 x Wheel ID8232
2 x Odometer Assembly
1 to 3 Odometer Signal Splitter
1 x Handle Bar
Manual
Accessory Tool Box

DRC-1 XYZ + Camera Unit



Probe Components

DRC-1 OMU + Camera Unit
4 x Small Wheels
4 x Medium Wheels
4 x Large Wheels
4 x Extenders
2 Control Units
Panasonic Toughbook
Rugged Flight Case
3 Batteries + Charger
Manual
Accessory Tool Box
1-Year Maintenance
1-Year Warranty

Operating range	Pipe ID (mm)	Pipe ID (In)
From	150	6"
To	300+	12"+

Software licenses

X-Traction
X-View
X-Bend

Electrical High Speed Winch



Winch Components and Functionality

Winch Frame With Manual Rope Guide
Lenze Servo Motor
Rope Drum (empty)
Control Box Containing:

Control Box Containing:
- On-Off Switch
- Torque Regulator
- Speed Regulator
- Emergency Stop
Instruction Video
Manual
Accessory Tool Box
110V/220V
1-Year Warranty on Lenze Motor



Geospatial Holdings, Inc.

