

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: June 30, 2018

OR

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

for the transition period from _____ to _____

COMMISSION FILE NUMBER: 000-55937

GEOSPATIAL CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

870554463

(I.R.S. Employer Identification No.)

229 Howes Run Road, Sarver, PA

16055 (Address of principal
executive offices)

(724) 353-3400

(Registrant's telephone number, including area code)

N/A

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

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

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

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

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller Reporting Company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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

The number of \$0.001 par value common shares outstanding at August 9, 2018: 316,743,786.

FORWARD-LOOKING STATEMENT NOTICE

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

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

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

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

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States and the rules of the SEC, and should be read in conjunction with the audited financial statements and notes thereto contained in our Annual Report on Form 10-Q for the fiscal year ended December 31, 2017, which we filed with the Securities and Exchange Commission ("SEC") on April 16, 2018, as updated in subsequent filings we have made with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the periods presented have been reflected herein. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

GEOSPATIAL CORPORATION INDEX

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Geospatial Corporation and Subsidiaries Consolidated Balance Sheets

ASSETS

Current assets:

Cash and cash equivalents

Accounts receivable

Prepaid expenses and other current assets

Total current assets
Property and equipment:
Field equipment
Field vehicles
Total property and equipment
Less: accumulated depreciation
Net property and equipment
Total assets
LIABILITIES AND STOCKHOLDERS' DEFICIT
Current liabilities:
Accounts payable
Accrued expenses
Notes payable
Accrued registration payment arrangement
Total current liabilities
Stockholders' deficit:
Preferred stock: Undesignated, \$0.001 par value; 20,000,000 shares authorized at June 30, 2018 and December 31, 2017; no shares issued and outstanding at June 30, 2018 and December 31, 2017
Series B Convertible Preferred Stock, \$0.001 par value; 5,000,000 shares authorized at June 30, 2018 and December 31, 2017; no shares issued and outstanding at June 30, 2018 and December 31, 2017
Series C Convertible Preferred Stock, \$0.001 par value; 10,000,000 shares authorized at June 30, 2018 and December 31, 2017; 3,644,578 shares issued and outstanding at June 30, 2018 and December 31, 2017
Common stock, \$0.001 par value; 750,000,000 shares authorized at June 30, 2018 and December 31, 2017; 310,010,453 and 285,830,452 shares issued and outstanding at June 30, 2018 and December 31, 2017
Additional paid-in capital
Additional paid-in capital, warrants
Accumulated deficit
Total stockholders' deficit
Total liabilities and stockholders' deficit

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

Geospatial Corporation and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
Sales	\$ 262,753	\$ 192,935	\$ 440,567	\$ 291,135
Cost of sales	55,941	44,032	98,580	86,086
Gross profit	206,812	148,903	341,987	205,049
Selling, general and administrative expenses	387,979	555,304	851,124	1,037,947
Net loss from operations	(181,167)	(406,401)	(509,137)	(832,898)
Other income (expense):				
Interest expense	(103,529)	(73,830)	(214,278)	(146,299)
Gain on extinguishment of debt	-	-	-	13,693
Other income	-	-	1,711	-
Loss on disposal of property and equipment	(1,856)	-	(1,856)	-
Registration payment arrangements	-	178,120	-	432,578
Total other income (expense)	(105,385)	104,290	(214,423)	299,972
Net loss before income taxes	(286,552)	(302,111)	(723,560)	(532,926)
Provision for income taxes	-	-	-	-
Net loss	<u>\$ (286,552)</u>	<u>\$ (302,111)</u>	<u>\$ (723,560)</u>	<u>\$ (532,926)</u>

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

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Geospatial Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Three Months Ended June 30, 2018
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Additional Paid-In Capital, Warrants	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2017	3,644,578	\$ 3,645	285,830,452	\$ 285,830	\$ 39,819,841	\$ 170,000.00	\$ (43,117,811)	\$ (2,838,495)
Sale of common stock, net of issuance costs	-	-	10,000,001	10,000	135,000	-	-	145,000
Issuance of common stock for services	-	-	4,180,000	4,180	58,520	-	-	62,700
Exercise of warrants to purchase common stock	-	-	10,000,000	10,000	175,000	(85,000)	-	100,000
Issuance of convertible securities with beneficial conversion features	-	-	-	-	21,663	-	-	21,663
Issuance of warrants to purchase common stock pursuant to issuance of notes payable	-	-	-	-	-	25,800	-	25,800
Net loss for the six months ended June 30, 2018	-	-	-	-	-	-	(723,560)	(723,560)
Balance, June 30, 2018	<u>3,644,578</u>	<u>\$ 3,645</u>	<u>310,010,453</u>	<u>\$ 310,010</u>	<u>\$ 40,210,024</u>	<u>\$ 110,800</u>	<u>\$ (43,841,371)</u>	<u>\$ (3,206,892)</u>

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

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

	For the Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (723,560)	\$ (532,926)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	5,330	26,546
Loss on disposal of property and equipment	1,856	-
Amortization of deferred debt issue costs	100,630	-
Amortization of discount on notes payable	21,663	41,452
Gain on extinguishment of debt	-	(13,693)
Accrued registration payment arrangement	-	(432,578)
Accrued interest payable	90,804	102,604
Issuance of common stock for services	62,700	200,000
Changes in operating assets and liabilities:		
Accounts receivable	(104,368)	(83,000)
Prepaid expenses and other current assets	18,741	15,157
Accounts payable	(55,972)	(10,762)
Accrued expenses	190,469	213,106
Net cash used in operating activities	(391,707)	(474,094)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	200,000	-
Principal payments on notes payable	(54,292)	(26,653)
Principal payments on capital lease liabilities	-	(1,777)
Proceeds from sale of common stock, net of offering costs	145,000	400,000
Proceeds from exercise of warrants to purchase common stock	100,000	38,000
Net cash provided by financing activities	390,708	409,570
Net change in cash and cash equivalents	(999)	(64,524)
Cash and cash equivalents at beginning of period	8,357	66,992

Cash and cash equivalents at end of period	\$ 7,358	\$ 2,468
Supplemental disclosures:		
Cash paid during period for interest	\$ 1,339	\$ 2,243
Cash paid during period for income taxes	-	-
Non-cash transactions:		
Issuance of common stock for services	62,700	200,000
Issuance of common stock for registration penalty	-	13,200
Issuance of convertible securities with beneficial conversion features	21,663	25,635
Liabilities settled by issuance of notes payable	175,653	51,227
Issuance of warrants to purchase common stock pursuant to issuance of notes payable	25,800	-

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Basis of Presentation

The Unaudited Consolidated Financial Statements included herein have been prepared by Geospatial Corporation (the “Company”) in accordance with accounting principles generally accepted in the United States of America for interim financial information and regulations issued pursuant to the Securities Exchange Act of 1934, as amended. Accordingly, the accompanying Unaudited Consolidated Financial Statements do not include all the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. The accompanying Unaudited Consolidated Financial Statements as of and for the three and six months ended June 30, 2018 should be read in conjunction with the Company’s Financial Statements as of and for the year ended December 31, 2017. In the opinion of the Company’s management, all adjustments considered necessary for a fair presentation of the accompanying Unaudited Consolidated Financial Statements have been included, and all adjustments, unless otherwise discussed in the Notes to the Unaudited Consolidated Financial Statements, are of a normal and recurring nature. Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018, or any other interim periods, or any future year or period.

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

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

Note 2 – Accrued Expenses

Accrued expenses consisted of the following:

	June 30, 2018	December 31, 2017
Payroll and taxes	\$ 1,083,455	\$ 1,067,197
Accounting	36,919	47,504
Contractors and subcontractors	20,270	10,227
Interest	2,643	2,243
Other	103,482	104,382
Accrued expenses	<u>\$ 1,246,769</u>	<u>\$ 1,231,553</u>

Note 3 – Related-Party Transactions

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

On November 9, 2012, the Company and Mr. Smith entered into a Lease Agreement, pursuant to which the Company leased a field vehicle from Mr. Smith. The lease was for 60 months, and was for substantially the same terms for which Mr. Smith leased the vehicle from the manufacturer. No interest expense was incurred during the three and six months ended June 30, 2018. Interest on the lease amounted to \$15 and \$37 for the three and six months ended June 30, 2017, respectively. The lease was recorded as a capital lease. The lease expired during the year ended December 31, 2017.

Note 4 – Notes Payable

Current notes payable consisted of the following:

Secured Promissory Note, payable to an individual, bearing interest at 20% per annum, due September 15, 2018, net of discount and deferred issuance costs. The n
Unsecured Convertible Promissory Notes, payable to two individuals, bearing interest at 15% per annum, net of deferred issuance costs. The notes are convertible
Settlement agreements with vendors, bearing no interest.
Notes payable under settlement agreements with former employees, payable monthly with terms of up to twelve months, bearing no interest
Current notes payable

Note 5 – Income Taxes

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Current:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
Deferred:				
Federal	(53,443)	(94,634)	(135,655)	(166,242)
State	(28,277)	(30,043)	(71,775)	(52,775)
	(81,720)	(124,677)	(207,430)	(219,017)
Total income taxes	(81,720)	(124,677)	(207,430)	(219,017)
Less: valuation allowance	81,720	124,677	207,430	219,017
Net income taxes	\$ -	\$ -	\$ -	\$ -

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Federal statutory rate	21.0%	35.0%	21.0%	35.0%
State income taxes (net of federal benefit)	7.9	6.5	7.9	6.5
Valuation allowance	(28.9)	(41.5)	(28.9)	(41.5)
Effective rate	0.0%	0.0%	0.0%	0.0%

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

	June 30, 2018	December 31, 2017
Start-up costs	\$ 8,989	\$ 12,413
Depreciation	(35,713)	(31,601)
Accrued expenses	256,848	248,882
Net operating loss carryforward	12,210,305	12,003,305
Deferred income taxes	12,440,429	12,232,999
Less: valuation allowance	(12,440,429)	(12,232,999)
Net deferred income taxes	\$ -	\$ -

At June 30, 2018, the Company had federal and state net operating loss carryforwards of approximately \$42,250,000. The federal and state net operating loss carryforwards will expire beginning in 2021 and 2026, respectively. The amount of the state net operating loss carryforward that can be utilized each year to offset taxable income is limited by federal and state law.

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

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

The following reconciles amounts reported in the financial statements:

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	\$ (286,552)	\$ (302,111)	\$ (723,560)	\$ (532,926)
Weighted average number of shares of common stock outstanding	306,144,225	260,511,076	299,524,117	249,148,356
Dilutive potential shares of common stock	306,144,225	260,511,076	299,524,117	249,148,356
Net income (loss) per share of common stock:				
Basic	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Series C Convertible Preferred Stock	72,891,560	72,891,560	72,891,560	76,865,377
Options and warrants to purchase common stock	10,638,462	5,953,003	10,638,462	12,374,734

Secured Promissory Note	80,713,700	42,139,511	63,562,954	33,939,564
Total	164,243,722	120,984,074	147,092,976	123,179,675

Note 7 – Stock-Based Payments

During the six months ended June 30, 2018, the Company granted warrants to purchase 1,333,666 shares of the Company’s common stock to investors in connection with investments in the Company’s common stock. The Company also granted warrants to purchase 3,000,000 shares to lenders pursuant to the issuance of Unsecured Convertible Promissory Notes.

During the six months ended June 30, 2018, the Company granted 4,180,000 shares of the Company’s common stock to consultants in consideration for services. The company recorded expense of \$62,700, the fair value of the services received.

On May 10, 2018, the Company granted options to purchase 112,000,000 shares of common stock to its officers. The options have a term of three years and are exercisable upon attainment of certain performance benchmarks.

Note 8 – Gains on Extinguishment of Debt

Due to significant cash flow problems, the Company has negotiated concessions on the amounts of certain liabilities and extensions of payment terms. The Company accounts for such concessions in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 470-60, *Troubled Debt Restructurings by Debtors*, and ASC 405-20, *Extinguishment of Liabilities*, and recognizes gains to the extent that the carrying value of the liability exceeds the fair value of the restructured payment plan. Such gains are included as “Gains on extinguishment of debt” in “Other income and expenses” on the Company’s Consolidated Statement of Operations. In addition, the Company has accounts payable that have aged or are expected to age beyond the statute of limitations. The Company is amortizing those liabilities over the remaining term of the statute of limitations. No gain on extinguishment of debt was recorded during the three and six months ended June 30, 2018. Gains on extinguishment of debt of \$13,693 were recorded during the six months ended June 30, 2017.

Note 9 – Registration Payment Arrangements

The Company is contractually obligated to issue shares of its common stock to certain investors for failure to register shares of its common stock under the Securities Act of 1933, as amended (the “Securities Act”). The Company has recorded a liability for the estimated number of shares to be issued at the fair value of the stock to be issued. The Company measures fair value by the price of its common stock at its most recent sale. The Company reviews its estimate of the number of shares to be issued and the fair value of the stock to be issued quarterly. The liability is included on the Consolidated Balance Sheet under the heading “accrued registration payment arrangement,” and amounted to \$76,337 at June 30, 2018 and December 31, 2017. Gains or losses resulting from changes in the carrying amount of the liability are included in the Consolidated Statement of Operations in other income and expense under the heading “registration payment arrangements”. The Company had no gain or loss from registration payment arrangements during the three and six months ended June 30, 2018. The Company had gains from registration payment arrangements of \$178,120 and \$432,578 during the three and six months, respectively, ended June 30, 2017.

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

Overview

You should read the following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) together with our financial statements and notes thereto as of and for the year ended December 31, 2017, filed with our Annual Report on Form 10-K on April 16, 2018, and our financial statements and notes thereto as of and for the three and six months ended June 30, 2018, which appear elsewhere in this Quarterly Report on Form 10-Q. The financial statements as of and for the years ended December 31, 2017 and 2016 include a summary of our significant accounting policies and should be read in conjunction with the discussion below. In the opinion of management, all material adjustments necessary to present fairly the consolidated results of operations for such periods have been included in these audited consolidated financial statements. All such adjustments are of a normal recurring nature.

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

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

Results of Operations

The following discussion should be read in conjunction with our financial statements for the periods ended June 30, 2018 and 2017 and the related notes thereto.

Results of Operations for the Three and Six Months ended June 30, 2018 and 2017

We had sales of \$262,753 and \$440,567 during the three and six months, respectively, ended June 30, 2018. Cost of sales was \$55,941 and \$98,580 for the three and six months, respectively, ended June 30, 2018. Sales were \$192,935 and \$291,135 during the three and six months, respectively, ended June 30, 2017. Cost of sales were \$44,032 and \$86,086 for the three and six months, respectively, ended June 30, 2017. Our sales have fluctuated throughout 2018 and 2017 as our ability to market and perform jobs was hampered by our financial condition. We expect sales and cost of sales to continue to fluctuate as our business continues to mature.

Selling, general, and administrative (“SG&A”) expenses were \$387,979 and \$851,124 for the three and six months, respectively, ended June 30, 2018. SG&A expenses were \$555,304 and \$1,037,947 for the three and six months, respectively, ended June 30, 2017. The decreases in SG&A costs for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017 were due to decreases in professional fees due to budget constraints, and payroll costs due to reductions in sales and technical headcount.

Other income and expense for the three and six months, respectively, ended June 30, 2018, were net expense of \$105,385 and \$214,423, respectively,

which included interest expense of \$103,529 and \$214,278, respectively, other income of \$0 and \$1,711, respectively, and loss on disposal of property and equipment of \$1,856 and \$1,856, respectively. Other income and expense for the three and six months, respectively, ended June 30, 2017 were net income of \$104,290 and \$299,972, respectively, which consisted of interest expense of \$73,830 and \$146,299, respectively, gains on extinguishment of debt of \$0 and \$13,693, respectively, and gains related to registration payment arrangements of \$178,120 and \$432,578, respectively.

The increase in interest expense in 2018 was due to interest on the Truitt Note, which increased due to a higher outstanding balance, a higher interest rate incurred pursuant to a note extension agreement, and amortization of deferred debt issue costs. In addition, interest expense increased due to interest on unsecured convertible promissory notes that were issued in May 2018.

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

We had no gain or loss related to registration payment arrangements during the three and six months ended June 30, 2018, and during the three months ended June 30, 2017. During the six months ended June 30, 2017, we had gains related to registration payment arrangements of \$178,120 due to a decrease in the value of our common stock. We expect that income or expense related to registration payment arrangements will fluctuate as the price of our common stock and the estimate of the number of Penalty Shares to be issued fluctuate.

We had no benefit from income taxes during the three and months ended June 30, 2018 and 2017, as our deferred tax benefit was completely offset by a valuation allowance due to the uncertainty of realization of the benefit.

Liquidity and Capital Resources

At June 30, 2018, we had current assets of \$277,466, and current liabilities of \$3,489,648.

Our Company has incurred net losses since inception. Our operations and capital requirements have been funded by sales of our common and preferred stock, advances from our chief executive officer, and issuance of notes payable. At June 30, 2018, current liabilities exceeded current assets by \$3,212,182, and total liabilities exceeded total assets by \$3,206,892. Those factors raise doubts about our ability to continue as a going concern.

On April 2, 2015, we entered into a Note and Warrant Purchase Agreement with David M. Truitt, pursuant to which Mr. Truitt loaned us \$1,000,000 pursuant to a Secured Note Payable (as amended, the "Truitt Note") that is secured by substantially all of the Company's assets, and is convertible at the holder's option to shares of the Company's common stock at a discount to our trading value. The Truitt Note was originally due on October 2, 2015. On January 26, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "January 2016 Amendment"), pursuant to which Mr. Truitt loaned us an additional \$250,000, and extended the due date of the Truitt Note to July 31, 2016. We also issued Mr. Truitt warrants to purchase 25.0 million shares of our common stock in connection with the January 2016 Amendment. On August 12, 2016, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2016 Amendment"), pursuant to which Mr. Truitt agreed to extend the maturity date of the Truitt Note to January 31, 2017, in consideration for the Company issuing to Mr. Truitt warrants to purchase 12.0 million shares of the Company's common stock. On November 9, 2016, we made a payment of \$200,000 of the balance of the Truitt Note. On December 14, 2016, we entered into a Note and Warrant Purchase Agreement (together with the Truitt Note, as amended, the "Truitt Notes") with Mr. Truitt, pursuant to which Mr. Truitt loaned the Company an additional \$100,000 subject to the terms of the Truitt Note, and the Company issued to Mr. Truitt warrants to purchase 100,000 shares of the Company's common stock. On August 31, 2017, we entered into an Agreement and Amendment with Mr. Truitt (the "August 2017 Amendment") pursuant to which (i) the maturity date of the Truitt Notes were extended to June 1, 2018; (ii) the price at which the Truitt Notes are convertible to shares of the Company's common stock was amended to institute a floor of \$0.02 per share; (iii) the interest rate on the Truitt Notes were amended to 15% per annum effective upon the execution of the August 2017 Amendment; (iv) the events of default under the Truitt Notes were waived; and (v) the Company delivered to Mr. Truitt a warrant to purchase 20.0 million shares of the Company's common stock at a price of \$0.01 per share. On June 15, 2018, we entered into an Agreement to Amend Notes and Security Agreements with Mr. Truitt, pursuant to which (i) the due dates on the Truitt Notes were extended to September 15, 2018; (ii) the event of default of June 1, 2018 was waived; (iii) the Company agreed to use a portion of newly-raised capital to repay a portion of the Truitt Notes; (iv) the governing law, jurisdiction, and venue of the Truitt Notes was changed to Fairfax County, Virginia; and (v) increase the interest rate to 20% effective June 1, 2018. We currently do not have the ability to pay the Truitt Notes.

During 2018, we sold approximately 10.0 million shares of common stock for a net consideration of \$145,000, and received \$100,000 for the exercise of warrants to purchase 10.0 million shares of common stock. In addition, we issued approximately 4.2 million shares of stock for services with a fair value of \$62,700, and converted approximately \$176,000 of liabilities to notes payable. We also issued \$200,000 of unsecured convertible promissory notes.

Management is continuing its efforts to secure funding sufficient for the Company's operating and capital requirements through private sales of common stock and issuance of notes payable, and to negotiate settlements or extensions of existing liabilities. The proceeds of such sales of stock or issuances of notes payable, if any, will be used to repay the Truitt Notes and to fund general working capital needs. There can be no assurance that financing will be available when required in sufficient amounts, on acceptable terms or at all.

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

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

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

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of June 30, 2018.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Application of Critical Accounting Policies

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

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

Realization of Deferred Income Tax Assets. We provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between financial reporting and tax accounting methods and any available operating loss or tax credit carryovers. At June 30, 2018, we had a deferred tax asset resulting principally from our net operating loss deduction carryforward available for tax purposes in future years. This deferred tax asset is completely offset by a valuation allowance due to the uncertainty of realization. We evaluate the necessity of the valuation allowance quarterly.

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Estimated Costs to Complete Fixed-Price Contracts. We record revenues for fixed-price contracts under the percentage-of-completion method of accounting, whereby revenues are recognized ratably as those contracts are completed. This rate is based primarily on the proportion of contract costs incurred to date to total contract costs projected to be incurred for the entire project, or the proportion of measurable output completed to date to total output anticipated for the entire project. We review our estimates of costs to complete each contract on a quarterly basis and make adjustments if necessary. At June 30, 2018, we had no open fixed-price contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 2. SALES OF UNREGISTERED EQUITY SECURITIES

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

On May 10, 2018, the Company granted non-statutory stock options to purchase an aggregate of 112,000,000 shares to purchase its common stock at an exercise price of \$0.03 per share to its officers. The stock options vest upon attainment of certain benchmarks, and expire after three years. The grants took place in a series of private placement transactions pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and/or Regulation D. The grantees are accredited investors, and the Company conducted the private placements without any general solicitation or advertisement, and with restrictions on resale.

On May 17, 2018, the Company issued 1,000,000 shares of its common stock to a consultant in exchange for services with a fair value of \$15,000. Such shares were issued pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) and/or Section 3(a)(9) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company issued the shares without any general solicitation or advertisement, and with a restriction on resale.

Between May 14, 2018 and May 24, 2018, the Company issued promissory notes with an aggregate value of \$200,000, and issued warrants to purchase 3,000,000 shares of the Company's common stock for ten years at an exercise price of \$0.02 to two investors for an aggregate

consideration of \$200,000. The sales took place in a series of private placement transactions pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and/or Regulation D. The purchasers are accredited investors, and the Company conducted the private placements without any general solicitation or advertisement, and with restrictions on resale.

On June 19, 2018, the Company sold 3,333,334 shares of its common stock, and issued warrants to purchase 666,666 shares of common stock at an exercise price of \$0.04, to an investor at a price of \$0.015 per share, for an aggregate sales price of \$50,000. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None

ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On June 1, 2018, principal and interest of Secured Promissory Notes payable to David M. Truitt (the "Truitt Notes") totalling approximately \$1.6 million were due. We failed to make such payment, and consequently were in default on the Truitt Notes. On June 15, 2018, we entered into an Agreement to Amend Notes and Security Agreements with Mr. Truitt, pursuant to which (i) the due dates on the Truitt Notes were extended to September 15, 2018; (ii) the event of default of June 1, 2018 was waived; (iii) the Company agreed to use a portion of newly-raised capital to repay a portion of the Truitt Notes; (iv) the governing law, jurisdiction, and venue of the Truitt Notes was changed to Fairfax County, Virginia; and (v) increase the interest rate to 20% effective June 1, 2018.

ITEM 6. EXHIBITS

Exhibit	Description
10.1	Agreement to Amend Notes and Security Agreements among Geospatial Corporation, Geospatial Mapping Systems, Inc., and David M. Truitt dated June 15, 2015
10.2	Non-Statutory Stock Option between Geospatial Corporation and Mark A. Smith dated May 10, 2018
10.3	Non-Statutory Stock Option between Geospatial Corporation and Troy Taggart dated May 10, 2018
10.4	Non-Statutory Stock Option between Geospatial Corporation and Thomas R. Oxenreiter dated May 10, 2018
31.1	Rule 13a-14(a) Certification of Mark A. Smith
31.2	Rule 13a-14(a) Certification of Thomas R. Oxenreiter
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101 INS*	XBRL Instance Document
101 SCH*	XBRL Taxonomy Schema
101 CAL*	XBRL Taxonomy Extension Calculation Linkbase
101 DEF*	XBRL Taxonomy Extension Definition Linkbase
101 LAB*	XBRL Taxonomy Extension Label Linkbase
101 PRE*	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

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

Date: August 20, 2018

Geospatial Corporation (Registrant)

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

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

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This Agreement to Amend Notes and Security Agreements ("Agreement") is dated and effective as of June 15, 2018, by and between Geospatial Corporation, a Nevada corporation (the "Company"), and the Company's wholly-owned subsidiary, Geospatial Mapping Systems, Inc., a Delaware corporation ("Mapping Systems Inc."), and David M. Truitt, an individual resident of Virginia ("Purchaser"). The Company, including where applicable Mapping Systems Inc., and the Purchaser are collectively referred to as the "Parties".

RECITALS

- A. The Company issued and sold to Purchaser a Secured Promissory Note dated April 2, 2015 in the principal amount of \$1,000,000, which was amended pursuant to an Agreement and Amendment dated as of January 27, 2016 (as amended, the "First Note").
- B. The Company issued and sold to Purchaser a Secured Promissory Note dated January 27, 2016 in the principal amount of \$250,000.00 (the "Second Note").
- C. The Company issued and sold to the purchaser a Secured Promissory Note dated December 14, 2016 in the principal amount of \$100,000 (the "Third Note").
- D. The First Note, the Second Note, and the Third Note (each a "Note"; collectively, the "Notes") are secured by a first priority security interest in (i) all of the Company's assets pursuant to the terms of a Security Agreement dated as of April 2, 2015 between the Company and Purchaser (the "Security Agreement") and (ii) all of the assets of the Company's wholly owned subsidiary, Mapping Systems Inc. pursuant to the terms of a Security Agreement dated as of April 2, 2015 between Mapping Systems Inc. and Purchaser (the "Mapping Security Agreement").
- E. The Notes were due and payable on June 1, 2018 and the Company has incurred an "Event of Default" as defined under the terms of the Notes, as amended, resulting from its failure to repay the Notes on the due date of June 1, 2018, for which the Company and Mapping Systems Inc. acknowledge that they have no defense, set off, counterclaim, discount or charge of any kind.
- F. Purchaser is hereby agreeing to waive the Event of Default that occurred on June 1, 2018 and to extend the Maturity Date of the Notes to September 15, 2018, in consideration for the Company's agreement to seek additional capital and use at least fifty percent (50%) of all new capital raised on or after June 15, 2018, to pay the outstanding principal balance and accrued interest of the Notes until the Notes are paid in full, and to change the governing law, jurisdiction and venue to Fairfax County, Virginia so that Purchaser can accelerate any proceeding to foreclose on the assets of Company and Mapping Systems Inc. in the event of a subsequent Event of Default by Company with respect to payment of the Notes.

NOW, THEREFORE, in consideration of the foregoing recitals and the respective representations, warranties, covenants and agreements contained in this Agreement, the Parties, intending to be legally bound, agree as follows:

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- 1. Waiver of Event of Default. The Parties acknowledge that the Company incurred an Event of Default upon its failure to repay the Notes on the due date of June 1, 2018. The Purchaser agrees to waive this Event of Default and to extend the Maturity Date of the Notes from June 1, 2018 to September 15, 2018, in exchange for the covenant of Company and Mapping Systems Inc. in Section 2 below, the interest rate acknowledgement in Section 3 below, and the document modifications specified in Section 4 below.
 - 2. Note Payment with Additional Capital Contributions. In exchange for the waiver of the default by Purchaser and Purchaser's agreement to extend the Maturity Date of the Notes, the Company and Mapping Systems Inc. both agree to exert commercial efforts to raise more capital from other investors, and if the Company and/or Mapping Systems Inc. is successful in their efforts to raise more capital from other investors, to use at least fifty percent (50%) of all new capital raised on or after June 15, 2018, to pay the outstanding principal balance and accrued interest of the Notes, which shall be paid concurrently with receipt of the additional capital, until the Notes are paid in full. In addition, Company and Mapping Systems Inc. agree to change the governing law, jurisdiction and venue of each of the Notes, the Security Agreement and the Mapping Security Agreement to Fairfax County, Virginia so that Purchaser can accelerate any proceeding to foreclose on the assets of Company and Mapping Systems Inc. in the event of a subsequent Event of Default by Company with respect to payment of the Notes, as further specified in Section 4 below. Company and Mapping Systems Inc. shall, if required by law, disclose the Note re-payment requirement to any future investor(s). Failure to remit payment to Purchaser of at least fifty percent (50%) of any new capital raised by Company and/or Mapping Systems, Inc., concurrent with the receipt of the additional capital, shall constitute an Event of Default under each of the Notes and shall entitle Purchaser to foreclose on the assets pursuant to the Security Agreement and the Mapping Security Agreement.
 - 3. Interest. The Parties acknowledge that, subject to Section 4.2 of each Note, interest accrued on the unpaid principal amount of each Note at a fixed rate per annum of ten percent (10%) until January 31, 2017. Due to a prior Event of Default, from January 31, 2017 to August 31, 2017, each Note accrued interest at the penalty rate provided in the Notes of twenty percent (20%). Pursuant to an Agreement and Amendment dated August 31, 2017, the Parties agreed that after August 31, 2017, interest on the Notes would accrue on the unpaid principal amount and accrued unpaid interest at a fixed rate of fifteen percent (15%) per annum until the Notes were paid in full, unless there was another Event of Default, in which case the penalty rate of twenty percent (20%) would apply as of any subsequent Event of Default as provided in Section 4.2 of each Note, as amended. The Company acknowledges that another Event of Default occurred on June 1, 2018, that the interest rate on the Notes on and after June 1, 2018 increased to twenty percent (20%) as of June 1, 2018, and that twenty percent (20%) is the current interest rate for each of the Notes.
 - 4. Amendments to the Notes, the Security Agreement and the Mapping Security Agreement.
 - (a) Section 2.1 of each Note, titled "*Maturity Date*" is amended to read as follows:

"This Note will mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) September 15, 2018 (the "Maturity Date"), or (b) the occurrence of an Event of Default (as defined in Section 5)."
 - (b) Governing Law, Arbitration, Jurisdiction and Venue. Each Note, at Section 5, provides "*This Agreement and the Note shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of*

Pennsylvania without giving effect to principles of conflicts of law and choice that would cause the laws of any other jurisdiction to apply. Any dispute or claim arising to or in any way related to this Agreement or the Note or the rights and obligations of each of the parties hereto shall be settled by binding arbitration in Pittsburgh, Pennsylvania. All arbitration shall be conducted in accordance with the rules and regulations of the American Arbitration Association ("AAA"). AAA shall designate an arbitrator from an approved list of arbitrators following both parties' review and deletion of those arbitrators on the approved list having a conflict of interest with either party. The Company agrees that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner." The Parties agree to delete this provision in each of the Notes and replace this Section with the following: "This Agreement and the Note shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Virginia without giving effect to principles of conflicts of law and choice that would cause the laws of any other jurisdiction to apply as of June 15, 2018. Any dispute or claim arising or in any way related to this Agreement or the Note, or the rights and obligations of each of the parties, including any foreclosure action because of an Event of Default under the Note, shall be resolved in the applicable state court in Fairfax County, Virginia as of and after June 15, 2018. "

The Security Agreement and Mapping Security Agreement both contain a provision at Section 2(b) that provides "Code" shall mean the Uniform Commercial Code as enacted and in effect in the Commonwealth of Pennsylvania at the date of this Agreement" and the first sentence of Section 13 that provides "It is stipulated and agreed by Grantor and the Lender that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of law." The Security Agreement and the Mapping Security Agreement are both modified to change Section 2(b) to provide "Code" shall mean the Uniform Commercial Code as enacted and in effect in the Commonwealth of Virginia as of June 15, 2018. " In addition, the first sentence of Section 13 of the Security Agreement and Mapping Security Agreement are modified to provide "It is stipulated and agreed by Grantor and the Lender that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without giving effect to principles of conflicts of law as of June 15, 2018." The Parties also agree to add after the first sentence of Section 13 in both the Security Agreement and the Mapping Security Agreement "Both Parties agree that the jurisdiction and venue for purposes of any disputes, including a foreclosure action because of an Event of Default after June 15, 2018 shall be the applicable state court in Fairfax County, Virginia."

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

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- (a) Organization and Standing. The Company is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, with all requisite corporate power and authority to own and operate its properties and assets and to execute and deliver this Agreement.
- (b) Authorization; Binding Obligation. All corporate action on the part of the Company necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of the Company has been taken. This Agreement constitutes a valid and binding obligation of the Company enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.
6. Confirmations. The Company confirms that the Notes, as amended, remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Agreement and the security interests granted pursuant to the Security Agreement and the Mapping Security Agreement shall continue unimpaired by this Agreement and remain in full force and effect, and nothing in this Agreement shall alter the first priority position of Purchaser or alter or modify any lien, security interest, mortgage, guarantee or pledge.
7. No Other Changes. Except as modified by this Agreement, each of the Notes, the Security Agreement and the Mapping Security Agreement shall remain in full force and effect and are ratified and confirmed by the Parties in all respects.
8. General Provisions.
- (a) Governing Law; Venue and Jurisdiction. This Agreement, the Security Agreement, the Mapping Security Agreement and each of the Notes shall now be governed, construed and interpreted in accordance with the laws of the Commonwealth of Virginia without giving effect to principles of conflicts of law and choice of law that would cause the laws of any other jurisdiction to apply. Any dispute or claim arising or in any way related to this Agreement, the Security Agreement, the Mapping Security Agreement, or each of the Notes, or the rights and obligations of each of the Parties, including any foreclosure action because of an Event of Default under the Notes, shall be resolved in the applicable state court in Fairfax County, Virginia as of and after June 15, 2018.
- (b) Indemnification. In consideration of Purchaser's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless Purchaser from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether Purchaser is a party to the action for which indemnification is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by Purchaser as a result of, or arising out of, or relating to (a) any material misrepresentation by Company (or Mapping Systems Inc.) or any material breach of any covenant, agreement, obligation, representation or warranty by the Company (or Mapping Systems Inc.) contained in this Agreement, or (b) after any applicable notice and/or cure periods, any breach or default in performance by the Company (or Mapping Systems Inc.)

of any covenant or undertaking to be performed by the Company (or Mapping Systems Inc.). To the extent that the foregoing undertaking by the Company (or Mapping Systems Inc.) may be unenforceable for any reason, the Company and Mapping Systems Inc. shall each make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

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

- (d) Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.
- (e) Amendment or Waiver. This Agreement, the Security Agreement, the Mapping Security Agreement and each of the Notes may only be amended, and any term or provision of this Agreement, the Security Agreement, the Mapping Security Agreement and each of the Notes may only be waived, (either generally or in a particular instance and either retroactively or prospectively) upon the written consent of the Parties.
- (f) Notices. All notices required or permitted shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iii) the next business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company (including communications for Mapping Systems Inc.) and to Purchaser at the address set forth on a party's signature page or at another address as the Company or Purchaser may designate by ten (10) days' advance written notice to the other Party.
- (g) Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.
- (h) Counterparts. This Agreement may be executed in any number of counterparts (and by email with a PDF attachment), each of which shall be an original, but all of which together shall constitute one instrument.
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IN WITNESS WHEREOF the Parties have executed this Agreement as of the date set forth in the first paragraph.

PURCHASER:

GEOSPATIAL CORPORATION

/s/ David M. Truitt

David M. Truitt Address:
13241 Woodland Park Road Suite 610
Herndon, Va. 20171

By: /s/ Mark Smith
Mark Smith, CEO

Address:
229 Howes Run Road Sarver, Pa. 16055

GEOSPATIAL MAPPING SYSTEMS, INC.

By: /s/ Mark Smith
Mark Smith, CEO

Address:
229 Howes Run Road Sarver, Pa. 16055

EX-10.2 3 gs_ex10z2.htm NON-STATUTORY STOCK OPTION

GEOSPATIAL CORPORATION

**NON-STATUTORY STOCK OPTION
OF
Mark Smith**

This Non-Statutory Option (this "Option") is granted to the person named above by Geospatial Corporation (the "Corporation") as of this 10th day of May 2018, the date this Option was granted. This Option provides you with the right to purchase the number of shares of Common Stock of the Corporation at the times and on the terms set forth below. This Option does not qualify as an "Incentive Option" within the meaning of §422 of the Internal Revenue Code of 1986, as amended.

1. Number of Shares and Vesting. The total number of shares of Common Stock subject to this Option is 28,000,000 shares. Subject to the other terms of this Option, this Option shall be exercisable with respect to each installment shown below on or after the date of vesting applicable to such installment as follows:

<u>Number of Shares</u>	<u>Milestones (Vesting)</u>
7,000,000	If the Corporation achieves cumulative revenues in excess of \$2,500,000 in the aggregate over 4 consecutive quarters
7,000,000	If the Corporation achieves cumulative revenues in excess of \$5,000,000 in the aggregate over 4 consecutive quarters
7,000,000	If the Corporation achieves cumulative revenues in excess of \$7,500,000 in the aggregate over 4 consecutive quarters
7,000,000	If the Corporation becomes listed on NASDAQ or NYSE AMERICAN

2. **Exercise Price.** The exercise price of this Option is Three Cents (\$.03) per share, which is not less than the fair market value of the Common Stock on the date of grant of this Option. The exercise price per share shall be paid upon exercise of all or any part of each vested installment which has become exercisable by you.

Notwithstanding anything contained herein to the contrary, in lieu of exercising this Option for cash, you may elect to receive shares equal to the value (as determined below) of this Option (or the portion thereof being cancelled) by surrender of this Option at the principal office of the Corporation together with your intention to exercise this Option on a cashless basis, in which event the Corporation shall issue to the holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X= the number of shares of Common Stock to be issued;

Y= the number of shares of Common Stock purchasable under this Option or, if only a portion of the Option is being exercised, the portion of the Option being exercised (at the date of such calculation);

A= the average of the closing sale prices of the Common Stock for the five (5) trading days immediately prior to the exercise hereof; and

B= Exercise Price (as adjusted to the date of such calculation)

For purposes of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), it is intended, understood and acknowledged that the Common Stock issued in a cashless exercise transaction shall be deemed to have been acquired by you, and the holding period for the Common Stock shall be deemed to have commenced, on the date this Option was originally issued to you.

3. **Assurances Upon Exercise.** The Corporation may require you, as a condition of exercising this Option: (i) to give written assurances satisfactory to the Corporation as to your knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Corporation who is knowledgeable and experienced in financial and business matters, and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising this Option; and (ii) to give written assurances satisfactory to the Corporation stating that such person is acquiring the Common Stock subject to this Option for such person's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if: (i) the issuance of the shares of Common Stock upon the exercise of this Option has been registered under a then currently effective

registration statement under the Securities Act; or (ii) as to any particular requirement, a determination is made by counsel for the Corporation that such requirement need not be met in the circumstances under the then applicable securities laws. The Corporation shall place legends on stock certificates issued upon exercise of this Option as necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

4. **Term.** The term of this Option commences on the date hereof and, unless sooner terminated, terminates three (3) years from the date it was granted. Each option granted herein shall terminate upon the 12-month anniversary from vesting. For purposes of example, if securities of the Corporation are listed on the NASDAQ on September 1, 2018, you have the option to purchase 7,000,000 shares of Common Stock from September 2, 2018 through and including August 31, 2019). Notwithstanding, this Option shall automatically terminate and have no further force and effect if you cease to perform services for the Corporation.
5. **Notice of Exercise.** This Option may be exercised, to the extent specified above, by delivering written notice of exercise together with the exercise price to the Secretary of the Corporation, or to such other person as the Corporation may designate, during regular business hours, together with such additional documents as the Corporation may then require. The notice must specify the number of shares to be purchased upon exercise and a date no more than 3 days after receipt of the notice by the Corporation on which the purchase is to be completed.
6. **Transferability.** This Option is not transferable, except by will or by the laws of descent and distribution, and shall be exercisable only by you. However, you may designate a third party who, in the event of your death, would be entitled to exercise this Option, by providing a written notice in a form satisfactory to the Secretary of the Corporation.
7. **State Securities Laws.** Notwithstanding the other provisions of this Option, the Corporation may, in its reasonable discretion, determine that the registration or qualification of the shares of Common Stock covered by this Option is necessary or desirable as a condition of or in connection with the exercise of this Option. If the Corporation makes such a determination, this Option may not be exercised in whole or in part unless and until such registration or qualification shall have been effected or obtained free of any conditions not acceptable to the Corporation, in its reasonable discretion. The Corporation shall use good faith reasonable efforts to obtain or effect such registration or qualification, but is not required to obtain or effect such registration or qualification.

8. **Optionee Acknowledgments.** By executing this Option, you acknowledge and agree as follows:

8.1 You understand that upon exercise of this Option you will be subject to taxes as a result of such exercise.

8.2 You and your transferees have no rights as a shareholder with respect to any shares of Common Stock covered by this Option until the date of the issuance of a stock certificate for such shares.

8.3 The Corporation is not providing you with advice, warranties or representations regarding

any of the legal or tax effects to you with respect to this grant.

8.4 You acknowledge that you are familiar with the terms of the grant made to you under this Option, that you have been encouraged by the Corporation to discuss the grant with your own legal and tax advisers, and that you agree to be bound by the terms of the grant.

8.5 You acknowledge that nothing contained in this Option shall confer any right with respect to the continuation of your employment by the Corporation or interfere in any way with the right of the Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the grantee from the rate in existence at the time of the grant of an option.

9. Withholding. You acknowledge that federal and state income and payroll tax may apply upon exercise of this Option. If the Corporation determines, in its sole discretion, that withholding is required, you agree that such withholding may be accomplished with respect to the cash compensation (if any) due to you from the Corporation. If withholding pursuant to the foregoing sentence is insufficient (in the sole judgment of the Corporation) to satisfy the full withholding obligation, you agree that you will pay over to the Corporation the amount of cash or, if acceptable to the Corporation in its sole discretion, property with a value necessary to satisfy such remaining withholding obligation on the date this Option is exercised or at a time thereafter specified in writing by the Corporation.

10. Capital Restructuring. If the outstanding shares of the common stock of the Corporation are increased or decreased, or are changed into or exchanged for a different number or kind of shares or securities or other forms of property (including cash) or rights, as a result of one or more reorganizations, recapitalizations, spin-offs, stock splits, reverse stock splits, stock dividends or the like, appropriate adjustments shall be made in the number and/or kind of shares or securities or other forms of property (including cash) or rights for which Options may thereafter be granted hereunder. Any such adjustments shall be made without changing the aggregate exercise price applicable to the unexercised portions of outstanding Options. Any fractional shares resulting from such adjustment shall be eliminated by rounding to the nearest whole number. The determination by the Corporation as to what adjustment, amendments or arrangements shall be made pursuant to this Section and the extent thereof, shall be final and conclusive.

In the event of the proposed dissolution or liquidation of the Corporation, or in the event of a Change of Control, or any other transaction in which the outstanding shares then subject to this Option are changed into or exchanged for property (including cash), rights and/or securities other than, or in addition to, shares of the Corporation, you shall have the right to exercise such Option for the kind and amount of shares of stock and other securities, property, cash or any combination thereof receivable upon such dissolution, liquidation, Change of Control or similar corporate event, by a holder of the number of Shares for which such Option might have been exercised immediately prior to such dissolution, liquidation, sale, consolidation or merger or similar corporate event. Any agreement providing for a Change of Control shall provide, at the

discretion of the Corporation, that the purchaser(s) of the Corporation's assets or stock shall deliver to the grantee the same kind of consideration that is delivered to other stockholders of the Corporation as a result of such sale, conveyance or Change of Control. Alternatively, the Corporation may cancel all outstanding options in exchange for consideration in cash or in kind which consideration in both cases shall be equal in value to the value the grantee would have received had the option been exercised (to the extent so exercisable) and no disposition of the shares acquired upon such exercise been made prior to such sale, conveyance or Change of Control, less the exercise price therefor. Upon receipt of such consideration, the options shall terminate and be of no further force and effect. The value of the stock or other securities the grantee would have received if the option had been exercised shall be determined in good faith by the Corporation.

A "Change of Control" shall be deemed to have occurred upon the consummation of (i) an acquisition of any voting securities of the Corporation by any entity or person, immediately after which such entity or person has beneficial ownership of thirty percent (30%) or more of the then outstanding shares or the combined voting power of the Corporation's then outstanding voting securities; (ii) the individuals who, as of the effective date of this Option, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the members of the Board; provided, however, that if the election, or nomination of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; (iii) a merger, consolidation or other business combination with or into another company; or (iv) the sale or other disposition of all or substantially all of the assets of the Corporation.

11. Entire Agreement. This Option constitute the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Option shall be binding unless executed in writing by all of the parties. No waiver of any of the provisions of this Option shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

13. Governing Law. This Option shall be construed according to the laws of the State of Nevada and federal law, as applicable.

GEOSPATIAL CORPORATION

By: /s/ Thomas R. Oxenreiter

Its: CFO

The undersigned:

(a) Acknowledges receipt of the foregoing Option, agrees to its terms and understands that all rights and liabilities with respect to this Option are set forth in this Option; and

(b) Acknowledges that as of the date of grant of this Option, it sets forth the entire understanding between the undersigned and the Corporation and its affiliates regarding the acquisition of the Common Stock of the Corporation covered by this Option and supersedes all prior oral and written agreements on that subject.

OPTIONEE:Name: /s/ Mark Smith
Mark SmithDate: May 10, 2018EX-10.3 4 gs_ex10z3.htm NON-STATUTORY STOCK OPTION
GEOSPATIAL CORPORATION**NON-STATUTORY STOCK OPTION
OF
Troy Taggart**

This Non-Statutory Option (this "Option") is granted to the person named above by Geospatial Corporation (the "Corporation") as of this 10th day of May, 2018, the date this Option was granted. This Option provides you with the right to purchase the number of shares of Common Stock of the Corporation at the times and on the terms set forth below. This Option does not qualify as an "Incentive Option" within the meaning of §422 of the Internal Revenue Code of 1986, as amended.

1. Number of Shares and Vesting. The total number of shares of Common Stock subject to this Option is 48,000,000 shares. Subject to the other terms of this Option, this Option shall be exercisable with respect to each installment shown below on or after the date of vesting applicable to such installment as follows:

<u>Number of Shares (Installment)</u>	<u>Date of Earliest Exercise (Vesting)</u>
12,000,000	If the Corporation achieves cumulative revenues in excess of \$2,500,000 in the aggregate over 4 consecutive quarters
12,000,000	If the Corporation achieves cumulative revenues in excess of \$5,000,000 in the aggregate over 4 consecutive quarters
12,000,000	If the Corporation achieves cumulative revenues in excess of \$7,500,000 in the aggregate over 4 consecutive quarters
12,000,000	If the Corporation becomes listed on NASDAQ or NYSE AMERICAN

The cumulative revenues shall be as reported on the Corporation's public filings with the Securities and Exchange Commission. For purposes of clarification, the amount of cumulative

revenues can be achieved by the Corporation through an acquisition of a third party, whether structured as a stock or asset transaction.

2. Exercise Price. The exercise price of this Option is Three (\$0.03) per share, which is not less than the fair market value of the Common Stock on the date of grant of this Option. The exercise price per share shall be paid upon exercise of all or any part of each vested installment which has become exercisable by you.

Notwithstanding anything contained herein to the contrary, in lieu of exercising this Option for cash, you may elect to receive shares equal to the value (as determined below) of this Option (or the portion thereof being cancelled) by surrender of this Option at the principal office of the Corporation together with your intention to exercise this Option on a cashless basis, in which event the Corporation shall issue to the holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X= the number of shares of Common Stock to be issued;

Y= the number of shares of Common Stock purchasable under this Option or, if only a portion of the Option is being exercised, the portion of the Option being exercised (at the date of such calculation);

A= the average of the closing sale prices of the Common Stock for the five (5) trading days immediately prior to the exercise hereof; and

B= Exercise Price (as adjusted to the date of such calculation)

For purposes of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), it is intended, understood and acknowledged that the Common Stock issued in a cashless exercise transaction shall be deemed to have been acquired by you, and the holding period for the Common Stock shall be deemed to have commenced, on the date this Option was originally issued to you.

3. Assurances Upon Exercise. The Corporation may require you, as a condition of exercising this Option: (i) to give written assurances satisfactory to the Corporation as to your knowledge and experience in

financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Corporation who is knowledgeable and experienced in financial and business matters, and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising this Option; and (ii) to give written assurances satisfactory to the Corporation stating that such person is acquiring the Common Stock subject to this Option for such person's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given

pursuant to such requirements, shall be inoperative if: (i) the issuance of the shares of Common Stock upon the exercise of this Option has been registered under a then currently effective registration statement under the Securities Act; or (ii) as to any particular requirement, a determination is made by counsel for the Corporation that such requirement need not be met in the circumstances under the then applicable securities laws. The Corporation shall place legends on stock certificates issued upon exercise of this Option as necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

4. **Term.** The term of this Option commences on the date hereof and, unless sooner terminated, terminates three (3) years from the date it was granted. Each option granted herein shall terminate upon the 12-month anniversary from vesting. For purposes of example, if securities of the Corporation are listed on the NASDAQ on September 1, 2018, you have the option to purchase 12,000,000 shares of Common Stock from September 2, 2018 through and including August 31, 2019). Notwithstanding, this Option shall automatically terminate and have no further force and effect if you cease to perform services for the Corporation.
5. **Notice of Exercise.** This Option may be exercised, to the extent specified above, by delivering written notice of exercise together with the exercise price to the Secretary of the Corporation, or to such other person as the Corporation may designate, during regular business hours, together with such additional documents as the Corporation may then require. The notice must specify the number of shares to be purchased upon exercise and a date no more than 3 days after receipt of the notice by the Corporation on which the purchase is to be completed.
6. **Transferability.** This Option is not transferable, except by will or by the laws of descent and distribution, and shall be exercisable only by you. However, you may designate a third party who, in the event of your death, would be entitled to exercise this Option, by providing a written notice in a form satisfactory to the Secretary of the Corporation.
7. **State Securities Laws.** Notwithstanding the other provisions of this Option, the Corporation may, in its reasonable discretion, determine that the registration or qualification of the shares of Common Stock covered by this Option is necessary or desirable as a condition of or in connection with the exercise of this Option. If the Corporation makes such a determination, this Option may not be exercised in whole or in part unless and until such registration or qualification shall have been effected or obtained free of any conditions not acceptable to the Corporation, in its reasonable discretion. The Corporation shall use good faith reasonable efforts to obtain or effect such registration or qualification, but is not required to obtain or effect such registration or qualification.
8. **Optionee Acknowledgments.** By executing this Option, you acknowledge and agree as follows:
 - 8.1 You understand that upon exercise of this Option you will be subject to taxes as a result of such exercise.
 - 8.2 You and your transferees have no rights as a shareholder with respect to any shares of Common Stock covered by this Option until the date of the issuance of a stock certificate for such shares.
 - 8.3 The Corporation is not providing you with advice, warranties or representations regarding any of the legal or tax effects to you with respect to this grant.
 - 8.4 You acknowledge that you are familiar with the terms of the grant made to you under this Option, that you have been encouraged by the Corporation to discuss the grant with your own legal and tax advisers, and that you agree to be bound by the terms of the grant.
 - 8.5 You acknowledge that nothing contained in this Option shall confer any right with respect to the continuation of your employment by the Corporation or interfere in any way with the right of the Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the grantee from the rate in existence at the time of the grant of an option.
9. **Withholding.** You acknowledge that federal and state income and payroll tax may apply upon exercise of this Option. If the Corporation determines, in its sole discretion, that withholding is required, you agree that such withholding may be accomplished with respect to the cash compensation (if any) due to you from the Corporation. If withholding pursuant to the foregoing sentence is insufficient (in the sole judgment of the Corporation) to satisfy the full withholding obligation, you agree that you will pay over to the Corporation the amount of cash or, if acceptable to the Corporation in its sole discretion, property with a value necessary to satisfy such remaining withholding obligation on the date this Option is exercised or at a time thereafter specified in writing by the Corporation.
10. **Capital Restructuring.** If the outstanding shares of the common stock of the Corporation are increased or decreased, or are changed into or exchanged for a different number or kind of shares or securities or other forms of property (including cash) or rights, as a result of one or more reorganizations, recapitalizations, spin-offs, stock splits, reverse stock splits, stock dividends or the like, appropriate adjustments shall be made in the number and/or kind of shares or securities or other forms of property (including cash) or rights for which Options may thereafter be granted hereunder. Any such adjustments shall be made without changing the aggregate exercise price applicable to the unexercised portions of outstanding Options. Any fractional shares resulting from such adjustment shall be eliminated by rounding to the nearest whole number. The determination by the Corporation as to what adjustment, amendments or arrangements shall be made pursuant to this Section and the extent thereof, shall be final and conclusive.

In the event of the proposed dissolution or liquidation of the Corporation, or in the event of a Change of

Control, or any other transaction in which the outstanding shares then subject to this Option are changed into or exchanged for property (including cash), rights and/or securities other than, or in addition to, shares of the Corporation, you shall have the right to exercise such Option for the kind and amount of shares of stock and other securities, property, cash or any

combination thereof receivable upon such dissolution, liquidation, Change of Control or similar corporate event, by a holder of the number of Shares for which such Option might have been exercised immediately prior to such dissolution, liquidation, sale, consolidation or merger or similar corporate event. Any agreement providing for a Change of Control shall provide, at the discretion of the Corporation, that the purchaser(s) of the Corporation's assets or stock shall deliver to the grantee the same kind of consideration that is delivered to other stockholders of the Corporation as a result of such sale, conveyance or Change of Control. Alternatively, the Corporation may cancel all outstanding options in exchange for consideration in cash or in kind which consideration in both cases shall be equal in value to the value the grantee would have received had the option been exercised (to the extent so exercisable) and no disposition of the shares acquired upon such exercise been made prior to such sale, conveyance or Change of Control, less the exercise price therefor. Upon receipt of such consideration, the options shall terminate and be of no further force and effect. The value of the stock or other securities the grantee would have received if the option had been exercised shall be determined in good faith by the Corporation.

A "Change of Control" shall be deemed to have occurred upon the consummation of (i) an acquisition of any voting securities of the Corporation by any entity or person, immediately after which such entity or person has beneficial ownership of thirty percent (30%) or more of the then outstanding shares or the combined voting power of the Corporation's then outstanding voting securities; (ii) the individuals who, as of the effective date of this Option, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the members of the Board; provided, however, that if the election, or nomination of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; (iii) a merger, consolidation or other business combination with or into another company; or (iv) the sale or other disposition of all or substantially all of the assets of the Corporation.

11. Entire Agreement. This Option constitute the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Option shall be binding unless executed in writing by all of the parties. No waiver of any of the provisions of this Option shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

13. Governing Law. This Option shall be construed according to the laws of the State of Nevada and federal law, as applicable.

GEOSPATIAL CORPORATION

By: /s/ Mark A. Smith

Its: CEO

The undersigned:

(a) Acknowledges receipt of the foregoing Option, agrees to its terms and understands that all rights and liabilities with respect to this Option are set forth in this Option; and

(b) Acknowledges that as of the date of grant of this Option, it sets forth the entire understanding between the undersigned and the Corporation and its affiliates regarding the acquisition of the Common Stock of the Corporation covered by this Option and supersedes all prior oral and written agreements on that subject.

OPTIONEE:

Name: /s/ Troy Taggart
Troy Taggart

Date: May 11, 2018

EX-10.4 5 gs_ex10z4.htm NON-STATUTORY STOCK OPTION

GEOSPATIAL CORPORATION

NON-STATUTORY STOCK OPTION

OF

Thomas Oxenreiter

This Non-Statutory Option (this "Option") is granted to the person named above by Geospatial Corporation (the "Corporation") as of this 10th day of May, 2018, the date this Option was granted. This Option provides you with the right to purchase the number of shares of Common Stock of the Corporation at the times and on the terms set forth below. This Option does not qualify as an "Incentive Option" within the meaning of §422 of the Internal Revenue Code of 1986, as amended.

1. Number of Shares and Vesting. The total number of shares of Common Stock subject to this Option is 36,000,000 shares. Subject to the other terms of this Option, this Option shall be exercisable with respect to each installment shown below on or after the date of vesting applicable to such installment as follows:

<u>Number of Shares (Installment)</u>	<u>Date of Earliest Exercise (Vesting)</u>
9,000,000	If the Corporation achieves cumulative revenues in excess of \$2,500,000 in the aggregate over 4 consecutive quarters
9,000,000	If the Corporation achieves cumulative revenues in excess of \$5,000,000 in the aggregate over 4 consecutive quarters
9,000,000	If the Corporation achieves cumulative revenues in excess of \$7,500,000 in the aggregate over 4 consecutive quarters
9,000,000	If the Corporation becomes listed on NASDAQ or NYSE AMERICAN

The cumulative revenues shall be as reported on the Corporation's public filings with the Securities and Exchange Commission. For purposes of clarification, the amount of cumulative

revenues can be achieved by the Corporation through an acquisition of a third party, whether structured as a stock or asset transaction.

2. **Exercise Price.** The exercise price of this Option is Three Cents (\$0.03) per share, which is not less than the fair market value of the Common Stock on the date of grant of this Option. The exercise price per share shall be paid upon exercise of all or any part of each vested installment which has become exercisable by you.

Notwithstanding anything contained herein to the contrary, in lieu of exercising this Option for cash, you may elect to receive shares equal to the value (as determined below) of this Option (or the portion thereof being cancelled) by surrender of this Option at the principal office of the Corporation together with your intention to exercise this Option on a cashless basis, in which event the Corporation shall issue to the holder a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X= the number of shares of Common Stock to be issued;

Y= the number of shares of Common Stock purchasable under this Option or, if only a portion of the Option is being exercised, the portion of the Option being exercised (at the date of such calculation);

A= the average of the closing sale prices of the Common Stock for the five (5) trading days immediately prior to the exercise hereof; and

B= Exercise Price (as adjusted to the date of such calculation)

For purposes of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), it is intended, understood and acknowledged that the Common Stock issued in a cashless exercise transaction shall be deemed to have been acquired by you, and the holding period for the Common Stock shall be deemed to have commenced, on the date this Option was originally issued to you.

3. **Assurances Upon Exercise.** The Corporation may require you, as a condition of exercising this Option: (i) to give written assurances satisfactory to the Corporation as to your knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Corporation who is knowledgeable and experienced in financial and business matters, and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising this Option; and (ii) to give written assurances satisfactory to the Corporation stating that such person is acquiring the Common Stock subject to this Option for such person's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given

pursuant to such requirements, shall be inoperative if: (i) the issuance of the shares of Common Stock upon the exercise of this Option has been registered under a then currently effective registration statement under the Securities Act; or (ii) as to any particular requirement, a determination is made by counsel for the Corporation that such requirement need not be met in the circumstances under the then applicable securities laws. The Corporation shall place legends on stock certificates issued upon exercise of this Option as necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

4. **Term.** The term of this Option commences on the date hereof and, unless sooner terminated, terminates three (3) years from the date it was granted. Each option granted herein shall terminate upon the 12-month anniversary from vesting. For purposes of example, if securities of the Corporation are listed on the NASDAQ on September 1, 2018, you have the option to purchase 8,000,000 shares of Common Stock from September 2, 2018 through and including August 31, 2019). Notwithstanding, this Option shall automatically terminate and have no further force and effect if you cease to perform services for the Corporation.
5. **Notice of Exercise.** This Option may be exercised, to the extent specified above, by delivering written notice of exercise together with the exercise price to the Secretary of the Corporation, or to such other person as the Corporation may designate, during regular business hours, together with such additional documents as the Corporation may then require. The notice must specify the number of shares to be purchased upon exercise and a date no more than 3 days after receipt of the notice by the Corporation on which the purchase is to be completed.

6. Transferability. This Option is not transferable, except by will or by the laws of descent and distribution, and shall be exercisable only by you. However, you may designate a third party who, in the event of your death, would be entitled to exercise this Option, by providing a written notice in a form satisfactory to the Secretary of the Corporation.

7. State Securities Laws. Notwithstanding the other provisions of this Option, the Corporation may, in its reasonable discretion, determine that the registration or qualification of the shares of Common Stock covered by this Option is necessary or desirable as a condition of or in connection with the exercise of this Option. If the Corporation makes such a determination, this Option may not be exercised in whole or in part unless and until such registration or qualification shall have been effected or obtained free of any conditions not acceptable to the Corporation, in its reasonable discretion. The Corporation shall use good faith reasonable efforts to obtain or effect such registration or qualification, but is not required to obtain or effect such registration or qualification.

8. Optionee Acknowledgments. By executing this Option, you acknowledge and agree as follows:

8.1 You understand that upon exercise of this Option you will be subject to taxes as a result of such exercise.

8.2 You and your transferees have no rights as a shareholder with respect to any shares of Common Stock covered by this Option until the date of the issuance of a stock certificate for such shares.

8.3 The Corporation is not providing you with advice, warranties or representations regarding any of the legal or tax effects to you with respect to this grant.

8.4 You acknowledge that you are familiar with the terms of the grant made to you under this Option, that you have been encouraged by the Corporation to discuss the grant with your own legal and tax advisers, and that you agree to be bound by the terms of the grant.

8.5 You acknowledge that nothing contained in this Option shall confer any right with respect to the continuation of your employment by the Corporation or interfere in any way with the right of the Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the grantee from the rate in existence at the time of the grant of an option.

9. Withholding. You acknowledge that federal and state income and payroll tax may apply upon exercise of this Option. If the Corporation determines, in its sole discretion, that withholding is required, you agree that such withholding may be accomplished with respect to the cash compensation (if any) due to you from the Corporation. If withholding pursuant to the foregoing sentence is insufficient (in the sole judgment of the Corporation) to satisfy the full withholding obligation, you agree that you will pay over to the Corporation the amount of cash or, if acceptable to the Corporation in its sole discretion, property with a value necessary to satisfy such remaining withholding obligation on the date this Option is exercised or at a time thereafter specified in writing by the Corporation.

10. Capital Restructuring. If the outstanding shares of the common stock of the Corporation are increased or decreased, or are changed into or exchanged for a different number or kind of shares or securities or other forms of property (including cash) or rights, as a result of one or more reorganizations, recapitalizations, spin-offs, stock splits, reverse stock splits, stock dividends or the like, appropriate adjustments shall be made in the number and/or kind of shares or securities or other forms of property (including cash) or rights for which Options may thereafter be granted hereunder. Any such adjustments shall be made without changing the aggregate exercise price applicable to the unexercised portions of outstanding Options. Any fractional shares resulting from such adjustment shall be eliminated by rounding to the nearest whole number. The determination by the Corporation as to what adjustment, amendments or arrangements shall be made pursuant to this Section and the extent thereof, shall be final and conclusive.

In the event of the proposed dissolution or liquidation of the Corporation, or in the event of a Change of Control, or any other transaction in which the outstanding shares then subject to this Option are changed into or exchanged for property (including cash), rights and/or securities other than, or in addition to, shares of the Corporation, you shall have the right to exercise such Option for the kind and amount of shares of stock and other securities, property, cash or any

combination thereof receivable upon such dissolution, liquidation, Change of Control or similar corporate event, by a holder of the number of Shares for which such Option might have been exercised immediately prior to such dissolution, liquidation, sale, consolidation or merger or similar corporate event. Any agreement providing for a Change of Control shall provide, at the discretion of the Corporation, that the purchaser(s) of the Corporation's assets or stock shall deliver to the grantee the same kind of consideration that is delivered to other stockholders of the Corporation as a result of such sale, conveyance or Change of Control. Alternatively, the Corporation may cancel all outstanding options in exchange for consideration in cash or in kind which consideration in both cases shall be equal in value to the value the grantee would have received had the option been exercised (to the extent so exercisable) and no disposition of the shares acquired upon such exercise been made prior to such sale, conveyance or Change of Control, less the exercise price therefor. Upon receipt of such consideration, the options shall terminate and be of no further force and effect. The value of the stock or other securities the grantee would have received if the option had been exercised shall be determined in good faith by the Corporation.

A "Change of Control" shall be deemed to have occurred upon the consummation of (i) an acquisition of any voting securities of the Corporation by any entity or person, immediately after which such entity or person has beneficial ownership of thirty percent (30%) or more of the then outstanding shares or the combined voting power of the Corporation's then outstanding voting securities; (ii) the individuals who, as of the effective date of this Option, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the members of the Board; provided, however, that if the election, or nomination of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; (iii) a merger, consolidation or other business combination with or into another company; or (iv) the sale or other disposition of all or substantially all of the assets of the Corporation.

11. Entire Agreement. This Option constitute the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and

understandings of the parties. No supplement, modification, or amendment of this Option shall be binding unless executed in writing by all of the parties. No waiver of any of the provisions of this Option shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

13. Governing Law. This Option shall be construed according to the laws of the State of Nevada and federal law, as applicable.

GEOSPATIAL CORPORATION

By: /s/ Mark A. Smith

Its: CEO

The undersigned:

(a) Acknowledges receipt of the foregoing Option, agrees to its terms and understands that all rights and liabilities with respect to this Option are set forth in this Option; and

(b) Acknowledges that as of the date of grant of this Option, it sets forth the entire understanding between the undersigned and the Corporation and its affiliates regarding the acquisition of the Common Stock of the Corporation covered by this Option and supersedes all prior oral and written agreements on that subject.

OPTIONEE:

Name: /s/ Thomas Oxenreiter
Thomas Oxenreiter

Date: May 10, 2018

EX-31.1 6 gs_ex31z1.htm CERTIFICATION
[GEOSPATIAL CORPORATION - 10-Q](#)

Exhibit 31.1

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

I, Mark A. Smith, certify that:

- 1) I have reviewed this Quarterly Report for the quarter ended June 30, 2018 on Form 10-Q of Geospatial Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2018

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

EX-31.2 7 gs_ex31z2.htm CERTIFICATION

[GEOSPATIAL CORPORATION - 10-Q](#)

Exhibit 31.2

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

I, Thomas R. Oxenreiter, certify that:

- 1) I have reviewed this Quarterly Report for the quarter ended June 30, 2018 on Form 10-Q of Geospatial Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2018

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

EX-32.1 8 gs_ex32z1.htm CERTIFICATION

[GEOSPATIAL CORPORATION - 10-Q](#)

Exhibit 32.1

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

In connection with the Quarterly Report of Geospatial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2018 as filed with the Securities and Exchange Commission (the "Report"), I, Mark A Smith, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 20, 2018

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

EX-32.2 9 gs_ex32z2.htm CERTIFICATION

[GEOSPATIAL CORPORATION - 10-Q](#)

Exhibit 32.2

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

In connection with the Quarterly Report of Geospatial Corporation (the "Company") on Form 10-Q for the period ending June 30, 2018 as

filed with the Securities and Exchange Commission (the "Report"), I, Thomas R. Oxenreiter, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 20, 2018

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