
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED:

JUNE 30, 2016 OR

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

COMMISSION FILE NUMBER: 333-04066

GEOSPATIAL CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

87-0554463
(I.R.S. Employer
Identification No.)

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

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

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☐

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

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

The number of \$.001 par value common shares outstanding at August 10, 2016: 174,555,605.

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

GEOSPATIAL CORPORATION

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Geospatial Corporation and Subsidiaries
Consolidated Balance Sheets

	June 30 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 96,419	\$ 16,962
Accounts receivable	201,400	44,100
Prepaid expenses and other current assets	89,177	111,927
Total current assets	386,996	172,989
Property and equipment:		
Field equipment	354,281	339,079
Field vehicles	43,285	43,285
Total property and equipment	397,566	382,364
Less: accumulated depreciation	(300,180)	(245,208)
Net property and equipment	97,386	137,156
Total assets	\$ 484,382	\$ 310,145
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 372,736	\$ 533,578
Accrued expenses	876,540	2,028,220
Due to related parties	—	157,286
Current portion of capital lease liability to related party	3,529	3,479
Notes payable	1,469,350	1,488,748
Accrued registration payment arrangement	54,732	547,315
Total current liabilities	2,776,887	4,758,626
Non-current liabilities:		
Capital lease liability to related party	1,501	3,278
Total non-current liabilities	1,501	3,278
Total liabilities	2,778,388	4,761,904
Stockholders' deficit:		
Preferred stock:		
Undesignated, \$0.001 par value; 10,000,000 and 20,000,000 shares authorized at June 30, 2016 and December 31, 2015, respectively; no shares issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Series B Convertible Preferred Stock, \$0.001 par value; 5,000,000 shares authorized at June 30, 2016 and December 31, 2015; no shares issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Series C Convertible Preferred Stock, \$0.001 par value; 10,000,000 and 0 shares authorized at June 30, 2016 and December 31, 2015, respectively; 4,543,654 and 0 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	4,544	—
Common stock, \$0.001 par value; 350,000,000 shares authorized at June 30, 2016 and December 31, 2015; 173,555,605 and 143,336,073 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	173,556	143,336
Additional paid-in capital	38,073,795	36,031,156
Additional paid-in capital, warrants	54,278	—
Accumulated deficit	(40,600,179)	(40,626,251)
Total stockholders' deficit	(2,294,006)	(4,451,759)
Total liabilities and stockholders' deficit	\$ 484,382	\$ 310,145

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,	
	2016	2015	2016	2015
Sales	\$ 258,800	\$ 20,800	\$ 440,000	\$ 20,800
Cost of sales	<u>72,603</u>	<u>41,975</u>	<u>130,536</u>	<u>79,569</u>
Gross profit (loss)	186,197	(21,175)	309,464	(58,769)
Selling, general and administrative expenses	<u>396,901</u>	<u>656,697</u>	<u>776,724</u>	<u>1,323,339</u>
Net loss from operations	<u>(210,704)</u>	<u>(677,872)</u>	<u>(467,260)</u>	<u>(1,382,108)</u>
Other income (expense):				
Interest expense	(69,553)	(37,772)	(132,772)	(121,914)
Gain on extinguishment of debt	58,603	73,181	133,521	146,363
Registration payment arrangements	<u>—</u>	<u>468,996</u>	<u>492,583</u>	<u>1,190,446</u>
Total other income (expense)	<u>(10,950)</u>	<u>504,405</u>	<u>493,332</u>	<u>1,214,895</u>
Net income (loss) before income taxes	(221,654)	(173,467)	26,072	(167,213)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss)	<u>\$ (221,654)</u>	<u>\$ (173,467)</u>	<u>\$ 26,072</u>	<u>\$ (167,213)</u>
Basic and fully-diluted net income (loss) per share of common stock	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>

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

Geospatial Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Six Months Ended June 30, 2016
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Paid-In</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Capital,</u>	<u>Deficit</u>	
					<u>Capital</u>	<u>Warrants</u>		
Balance, December 31, 2015	—	\$ —	143,336,073	\$143,336	\$36,031,156	\$ —	\$ (40,626,251)	\$(4,451,759)
Sale of Series C Convertible Preferred Stock, net of issuance costs	2,750,000	2,750	—	—	540,623	—	—	543,373
Issuance of common stock in settlement of liabilities	—	—	30,219,532	30,220	1,082,579	—	—	1,112,799
Issuance of Series C Convertible Preferred Stock in settlement of liabilities	1,793,654	1,794	—	—	356,937	—	—	358,731
Conversion of liabilities to warrants to purchase common stock	—	—	—	—	—	54,278	—	54,278
Issuance of convertible securities with beneficial conversion features	—	—	—	—	62,500	—	—	62,500
Net income for the six months ended June 30, 2016	—	—	—	—	—	—	26,072	26,072
Balance, June 30, 2016	<u>4,543,654</u>	<u>\$ 4,544</u>	<u>173,555,605</u>	<u>\$173,556</u>	<u>\$38,073,795</u>	<u>\$ 54,278</u>	<u>\$ (40,600,179)</u>	<u>\$(2,294,006)</u>

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

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

	For the Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ 26,072	\$ (167,213)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	54,972	60,841
Amortization of deferred debt issue costs	—	46,873
Amortization of discount on notes payable	52,194	—
Gain on extinguishment of debt	(133,521)	(146,362)
Accrued registration payment arrangement	(492,583)	(1,190,446)
Accrued interest payable	65,058	71,088
Changes in operating assets and liabilities:		
Accounts receivable	(157,300)	12,000
Prepaid expenses and other current assets	22,750	(144,774)
Accounts payable	(43,635)	9,172
Accrued expenses	16,791	417,013
Due to related parties	(504)	31,021
Net cash used in operating activities	(589,706)	(1,000,787)
Cash flows from investing activities:		
Purchase of property and equipment	(15,202)	—
Net cash used in investing activities	(15,202)	—
Cash flows from financing activities:		
Proceeds from issuance of notes payable	250,000	1,600,000
Principal payments on notes payable	(107,281)	(587,155)
Principal payments on capital lease liabilities	(1,727)	(1,677)
Debt issuance costs paid	—	(53,250)
Proceeds from sale of common stock, net of offering costs	—	29,940
Proceeds from sale of Series C Convertible Preferred Stock, net of offering costs	543,373	—
Net cash provided by financing activities	684,365	987,858
Net change in cash and cash equivalents	79,457	(12,929)
Cash and cash equivalents at beginning of period	16,962	17,723
Cash and cash equivalents at end of period	\$ 96,419	\$ 4,794
Supplemental disclosures:		
Cash paid during period for interest	\$ 15,520	\$ 3,953
Cash paid during period for income taxes	—	—
Non-cash transactions:		
Issuance of common stock in settlement of liabilities	1,112,799	1,569,029
Issuance of Series C Convertible Preferred Stock in settlement of liabilities	358,731	—
Issuance of warrants to purchase common stock in settlement of liabilities	54,278	—

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

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

Note 1 – Basis of Presentation

The Unaudited Consolidated Financial Statements included herein have been prepared by Geospatial Corporation (the “Company”) in accordance with generally accepted accounting principles for interim financial information and regulations contained in the Securities Exchange Act of 1934, as amended. Accordingly, the accompanying Unaudited Consolidated Financial Statements do not include all of 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, 2016 should be read in conjunction with the Company’s Financial Statements as of and for the year ended December 31, 2015. In the opinion of the Company’s management, all adjustments considered necessary for a fair statement of the accompanying Unaudited Consolidated Financial Statements have been included, and all adjustments, unless otherwise discussed in the Notes to the Unaudited Consolidated Financial Statements, are of a normal and recurring nature. Operating results for the three and six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016, 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, 2016	December 31, 2015
Payroll and taxes	\$ 721,102	\$ 1,832,937
Accounting	45,777	50,737
Insurance	—	34,014
Contractors and subcontractors	10,227	20,227
Interest	3,443	7,800
Other	95,991	82,505
Accrued expenses	<u>\$ 875,540</u>	<u>\$ 2,028,220</u>

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

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. The lease is cancellable by either party upon 30 days' notice. The Company incurred no lease expense during the three months ended June 30, 2016, and \$19,500 of lease expense during the six months ended June 30, 2016. The Company incurred lease expense of \$19,500 and \$39,000 during the three and six months, respectively, ended June 30, 2015.

On November 9, 2012, the Company and Mr. Smith entered into a Lease Agreement, pursuant to which the Company leases a field vehicle from Mr. Smith. The lease is for 60 months, and is for substantially the same terms for which Mr. Smith leases the vehicle from the manufacturer. Interest on the lease amounted to \$41 and \$65, respectively, for the three months ended June 30, 2016 and 2015, respectively, and \$88 and \$137, respectively, for the six months ended June 30, 2016 and 2015, respectively. The lease is recorded as a capital lease. At June 30, 2016, gross assets recorded under the lease and associated accumulated depreciation were \$16,870 and \$12,231, respectively. Future minimum payments under the capital lease are as follows as of June 30, 2016:

Balance of 2016	\$ 1,814
Year ending December 31, 2017	3,326
Thereafter	—
Total minimum payments	5,140
Less: minimum interest payments	(110)
Minimum principal payments	<u>\$ 5,030</u>

On May 18, 2016, the Company and Mr. Smith entered into a Conversion Agreement (the "Smith Conversion Agreement"), pursuant to which Mr. Smith converted accrued salaries totaling \$766,833 to 19,170,831 shares of the Company's common stock and warrants to purchase 23,004,998 shares of the Company's common stock at an exercise price of \$0.04 per share. Mr. Smith also converted pursuant to the Smith Conversion Agreement, \$156,782 of unreimbursed business expenses and unpaid rent on the Company's offices to 783,912 shares of the Company's Series C Convertible Preferred Stock.

On May 18, 2016, the Company and Troy G. Taggart, the Company's President, entered into a Conversion Agreement, pursuant to which Mr. Taggart converted accrued salaries totaling \$215,490 to 5,387,241 shares of the Company's common stock and warrants to purchase 6,464,689 shares of the Company's common stock at an exercise price of \$0.04 per share.

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

Note 3 – Related-Party Transactions (continued)

On May 18, 2016, the Company and Thomas R. Oxenreiter, the Company's Chief Financial Officer, entered into a Conversion Agreement (the "Oxenreiter Conversion Agreement"), pursuant to which Mr. Oxenreiter converted accrued salaries totaling \$226,458 to 5,661,460 shares of the Company's common stock and warrants to purchase 6,793,753 shares of the Company's common stock at an exercise price of \$0.04 per share. Mr. Oxenreiter also converted, pursuant to the Oxenreiter Conversion Agreement, \$5,000 of unreimbursed business expenses to 25,000 shares of the Company's Series C Convertible Preferred Stock.

Note 4 – Notes Payable

Current notes payable consisted of the following:

	June 30, 2016	December 31, 2015
Secured Promissory Note, payable to an individual, bearing interest at 10% per annum, due July 31, 2016, net of discount. The note is convertible to common stock at 75% of the weighted average trading price, and is secured by substantially all the assets of the Company	\$ 1,376,986	\$ 1,075,833
Unsecured Promissory Note, payable to an individual, bearing interest at 10% per annum	—	67,817
Unsecured Convertible Promissory Notes, payable to individuals, bearing interest at 10% per annum, convertible to common stock at prices ranging from \$0.20 to \$0.25 per share	—	190,453
Notes payable under settlement agreements with former employees, payable monthly with terms of up to twelve months, with interest rates ranging from 0% to 20%	92,364	154,645
Current notes payable	<u>\$ 1,469,350</u>	<u>\$ 1,488,748</u>

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

Note 5 – Income Taxes

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Current:				
Federal	\$ —	\$ —	\$ —	\$ —
State	—	—	—	—
	—	—	—	—
Deferred:				
Federal	(68,553)	(297,847)	(145,323)	(522,590)
State	(21,763)	(94,555)	(46,134)	(165,902)
	(90,316)	(392,402)	(191,457)	(688,492)
Total income taxes	(90,316)	(392,402)	(191,457)	(688,492)
Less: valuation allowance	90,316	392,402	191,457	688,492
Net income taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Federal statutory rate	35.0%	35.0%	35.0%	35.0%
State income taxes (net of federal benefit)	6.5	6.5	6.5	6.5
Valuation allowance	(41.5)	(41.5)	(41.5)	(41.5)
Effective rate	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

Note 5 – Income Taxes (continued)

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, 2016	December 31, 2015
Start-up costs	\$ 32,574	\$ 37,491
Depreciation	(37,400)	(37,759)
Accrued expenses	207,219	687,212
Net operating loss carryforward	<u>16,345,431</u>	<u>15,669,422</u>
Deferred income taxes	16,547,824	15,356,366
Less: valuation allowance	<u>(16,547,824)</u>	<u>(15,356,366)</u>
Net deferred income taxes	<u>\$ —</u>	<u>\$ —</u>

At June 30, 2016, the Company had federal and state net operating loss carryforwards of approximately \$38,020,000. The federal and state net operating loss carryforwards will expire beginning in 2021 and 2026, respectively. The amount of the state net operating loss carryforward that can be utilized each year to offset taxable income is limited by state law.

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

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, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net income (loss)	\$ (221,654)	\$ (173,467)	\$ 26,072	\$ (167,213)
Weighted average number of shares of common stock outstanding	157,615,632	137,806,264	150,475,853	134,988,604
Dilutive potential shares of common stock	157,615,632	137,806,264	150,475,853	134,988,604
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)

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

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

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, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Series B Convertible Preferred Stock	—	—	1,766,830	1,766,830
Series C Convertible Preferred Stock	63,986,319	—	34,190,962	—
Options and warrants to purchase common stock	52,778,589	12,447,647	50,034,974	13,628,571
Secured Promissory Note	6,165,741	836,735	6,261,574	—
Senior Convertible Redeemable Notes	1,952,032	1,952,032	769,724	769,724
Total	15,236,414	15,236,414	16,165,125	16,165,125

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

Note 7 – Stock-Based Payments

During the six months ended June 30, 2016, stock appreciation rights on 3,896,000 shares of the Company's common stock issued to eligible employees and consultants pursuant to the Company's 2013 Equity Incentive Plan were forfeited.

During the six months ended June 30, 2016, the Company granted warrants to purchase 29,226,000 shares of the Company's common stock to consultants and to lenders in connection with loans to the Company, and warrants to purchase 36,263,440 to the Company's officers in connection with the conversion of debt owed to the officers to equity.

On May 10, 2016, the Company entered into a Conversion Agreement with an investor whereby the investor converted (i) an Unsecured Convertible Note Payable (the "Note Payable") due from the Company in the amount of \$54,278, and (ii) warrants to purchase 3,075,000 shares of the Company's common stock in exchange for warrants to purchase 10,000,000 shares of the Company's common stock at \$0.01 per share for a term of five years (the "Warrant"). The Company recorded the Warrant on the Consolidated Balance Sheet as "Additional paid-in capital, warrant" at the carrying value of the Note Payable.

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. Gains on extinguishment of debt amounted to \$58,603 and \$73,181 during the three months ended June 30, 2016 and 2015, respectively, and \$492,583 and \$1,190,446 during the six months ended June 30, 2016 and 2015, respectively.

Geospatial Corporation and Subsidiaries
Notes to Unaudited Consolidated Financial Statements
June 30, 2016

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 \$54,732 at June 30, 2016, and \$547,315 at December 31, 2015. 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”. There were no such gains or losses during the three months ended June 30, 2016, a gain of \$468,996 during the three months ended June 30, 2015, and gains of \$492,583 and \$1,190,446 during the six months ended June 30, 2016 and 2015, respectively.

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, 2015, filed with our Annual Report on Form 10-K on April 14, 2016, and our financial statements and notes thereto as of and for the three and six months ended June 30, 2016, which appear elsewhere in this Quarterly Report on Form 10-Q.

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

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

Liquidity and Capital Resources

At June 30, 2016, we had current assets of \$386,996, and current liabilities of \$2,776,887.

Our Company has incurred net losses since inception. Our operations and capital requirements have been funded by sales of our common and preferred stock and advances from our chief executive officer. At June 30, 2016, current liabilities exceeded current assets by \$2,389,891, and total liabilities exceeded total assets by \$2,294,006. Those factors raise doubts about our ability to continue as a going concern.

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

On January 16, 2015, we issued a Senior Secured Promissory Note to Horberg Enterprises LLC (the "Horberg Note") in the principal amount of \$500,000. The Horberg Note was due on April 8, 2015, and accrued no interest through the due date. The Horberg Note was secured by liens on all of our assets. We also issued Horberg Enterprises LLC warrants to purchase 1,500,000 shares of our common stock in consideration for its purchasing the Horberg Note. Proceeds from the issuance of the Horberg Note were used for working capital purposes. We repaid the Horberg Note on April 3, 2015.

On April 2, 2015, we issued a Secured Promissory Note to David M. Truitt (as amended, the "Truitt Note") in the principal amount of \$1,000,000. The Truitt Note bears interest at 10% per annum. The Truitt Note is secured by liens on all of our assets, and is convertible into shares of our common stock at a discount to market value at the option of the holder. We also issued Mr. Truitt warrants to purchase 2,000,000 shares of our common stock in consideration for his purchasing the Truitt Note. Proceeds from the issuance of the Truitt Note were used to repay the Horberg Note and for working capital purposes. The initial due date of the Truitt Note was October 2, 2015.

On January 27, 2016, we entered into an Agreement and Amendment with Mr. Truitt 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 issued Mr. Truitt warrants to purchase 25.0 million shares of our common stock in connection with the Agreement and Amendment.

On March 16, 2016 we designated 10.0 million shares of preferred stock as Series C Convertible Preferred Stock ("Series C Stock"). Series C Stock is convertible to common stock at a conversion ratio of 20 shares of common stock for each share of Series C Stock, subject to adjustment for stock dividends, splits, and similar events. Series C Stock has a liquidation preference equal to its original issue price, and has voting rights equal to five times the number of shares of common stock into which the Series C Stock is convertible. On March 16, 2016, we sold 1,250,000 shares of Series C Stock to Mr. Truitt for consideration of \$250,000.

During the second quarter of 2016, we sold 1,500,000 shares of Series C Stock to Mr. Truitt for \$300,000. Also during the second quarter of 2016, we converted notes payable totaling approximately \$197,000 to shares of Series C Stock, and we converted a note payable of approximately \$54,000 to warrants to purchase common stock. We also converted approximately \$1.3 million of our officers' accrued salaries to shares of common stock, and approximately \$162,000 of other liabilities to our officers to shares of Series C Stock.

On August 12, 2016, we entered into an Agreement and Amendment with Mr. Truitt pursuant to which Mr. Truitt extended the due date of the Truitt Note to January 31, 2017. We issued Mr. Truitt warrants to purchase 12.0 million shares of our common stock in connection with the Agreement and Amendment.

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

Beginning in 2012, we changed the focus of our company to position us to generate revenue from data acquisition and data management. We expanded our service offerings to provide data acquisition services utilizing twelve different technologies. We developed new, cloud-based mapping software to be marketed under our existing name GeoUnderground that replaced our previous version of GeoUnderground. We currently utilize GeoUnderground to deliver data to customers. We intend to offer GeoUnderground as a subscription-based stand-alone product beginning in 2016. We believe that our changes to our operating focus will enable us to begin to generate significant revenue from operations.

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

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

Results of Operations

We had sales of \$258,800 and \$440,000 during the three and six months, respectively, ended June 30, 2016. Cost of sales were \$72,603 and \$130,536 for the three and six months, respectively, ended June 30, 2016. Sales were \$20,800 during each of the three and six months ended June 30, 2015. Cost of sales were \$41,975 and \$79,569 during the three and six months, respectively, ended June 30, 2015. Our sales have fluctuated throughout 2016 and 2015 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 \$396,901 and \$776,724 for the three and six months, respectively, ended June 30, 2016. SG&A expenses were \$656,697 and \$1,323,339 for the three and six months, respectively, ended June 30, 2015. The decreases in SG&A costs for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 were due to decreases in payroll cost and professional fees due to reductions in staffing necessitated by our financial position.

Other income and expense for the three and six months ended June 30, 2016 was a net expense of \$10,950 and a net income of \$493,332, respectively, which included interest expense of \$63,553 and \$132,772, respectively, gains on extinguishment of debt of \$58,603 and \$133,521, respectively, and gains related to registration payment arrangements of \$0 and \$492,583, respectively. Other income and expense for the three and six months ended June 30, 2015 was a net income of \$504,405 and a net income of \$1,214,895, respectively, which included interest expense of \$37,772 and \$121,914, respectively, gains on extinguishment of debt of \$73,181 and \$146,363, respectively, and gains related to registration payment arrangements of \$468,996 and \$1,190,446, respectively.

The increase in interest expense in 2016 was due to interest on the Truitt Note in 2016.

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 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.

During the three months ended June 30, 2016, we had no gains or losses related to registration payment arrangements. During the six months ended June 30, 2016, we had gains of \$492,583 related to registration payment arrangements due to a decrease in the value of our common stock. During the three and six months ended June 30, 2015, we had gains related to registration payment arrangements of \$468,996 and \$1,190,446, respectively, due to decreases in the value of our common stock and the estimated number of penalty shares to be issued. 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 six months ended June 30, 2016 and 2015, as our deferred tax benefit was completely offset by a valuation allowance due to the uncertainty of realization of the benefit.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of June 30, 2016.

Application of Critical Accounting Policies

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

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

Realization of Deferred Income Tax Assets. We provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between financial reporting and tax accounting methods and any available operating loss or tax credit carryovers. At June 30, 2016, we had a deferred tax asset resulting principally from our net operating loss deduction carryforward available for tax purposes in future years. This deferred tax asset is completely offset by a valuation allowance due to the uncertainty of realization. We evaluate the necessity of the valuation allowance quarterly.

Estimated Costs to Complete Fixed-Price Contracts. We record revenues for fixed-price contracts under the percentage-of-completion method of accounting, whereby revenues are recognized ratably as those contracts are completed. This rate is based primarily on the proportion of contract costs incurred to date to total contract costs projected to be incurred for the entire project, or the proportion of measurable output completed to date to total output anticipated for the entire project. We review our estimates of costs to complete each contract quarterly, and make adjustments if necessary. At June 30, 2016, we do not believe that material changes to contract cost estimates at completion for any of our open contracts are reasonably likely to occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

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

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 2. SALES OF UNREGISTERED EQUITY SECURITIES AND USE OF PROCEEDS

On April 22, 2016, the Company converted notes payable totaling \$179,815 due to an investor to 899,076 shares of the Company's Series C Convertible Preferred Stock at a price of \$0.20 per share. In connection with the conversion, the Company adjusted the exercise price of warrants to purchase 725,250 shares of the Company's common stock to \$0.01 per share. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On April 26, 2016, the Company converted notes payable totaling 17,133 due to two investors to 85,666 shares of the Company's Series C Convertible Preferred Stock at a price of \$0.20 per share. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On May 10, 2016, the Company converted a note payable of \$54,278 due to an investor, and warrants to purchase 3,075,000 shares of the Company's common stock, to warrants to purchase 10,000,000 shares of the Company's common stock at an exercise price of \$0.01 per share. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On May 12, 2016, the Company sold 1,500,000 shares of its Series C Convertible Preferred Stock to an investor at a price of \$0.20 per share, for consideration of \$300,000. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On May 18, 2016, the Company issued to Mark A. Smith, the Company's Chief Executive Officer and Director, 19,170,831 shares of the Company's common stock, and warrants to purchase 23,004,998 shares of the Company's common stock at an exercise price of \$0.04 per share, in conversion of \$766,833 of accrued salary owed by the Company to Mr. Smith. The Company also issued to Mr. Smith 783,912 shares of the Company's Series C Convertible Preferred stock in conversion of \$156,782 of unreimbursed business expenses and unpaid rent for the Company's offices owed by the Company to Mr. Smith. The issuances were made pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. Mr. Smith is an accredited investor, and the Company issued the common stock, warrants, and Series C Convertible Preferred Stock without any general solicitation or advertisement and with a restriction on resale.

On May 18, 2016, the Company issued to Troy G. Taggart, the Company's President, 5,387,241 shares of the Company's common stock, and warrants to purchase 6,464,689 shares of the Company's common stock at an exercise price of \$0.04 per share, in conversion of \$215,490 of unpaid salary owed by the Company to Mr. Taggart. The issuance was made pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. Mr. Taggart is an accredited investor, and the Company issued the common stock and warrants without any general solicitation or advertisement and with a restriction on resale.

On May 18, 2016, the Company issued to Thomas R. Oxenreiter, the Company's Chief Financial Officer and Director, 5,661,460 shares of the Company's common stock, and warrants to purchase 6,793,753 shares of the Company's common stock at an exercise price of \$0.04 per share, in conversion of \$226,458 of unpaid salary owed by the Company to Mr. Oxenreiter. The Company also issued to Mr. Oxenreiter 25,000 shares of the Company's Series C Convertible Preferred stock in conversion of \$5,000 of unreimbursed business expenses owed by the Company to Mr. Oxenreiter. The issuances were made pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. Mr. Oxenreiter is an accredited investor, and the Company issued the common stock, warrants, and Series C Convertible Preferred Stock without any general solicitation or advertisement and with a restriction on resale.

On July 18, 2016, the Company issued 1,000,000 shares of its common stock to an investor at a price of \$0.01 per share upon exercise of an outstanding warrant to purchase common stock. The sale took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The purchaser is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

On August 12, 2016, the Company issued to an investor warrants to purchase 2,000,000 shares of its common stock at a price of \$0.25 per share, which are exercisable through August 12, 2026, and warrants to purchase 10,000,000 shares of its common stock at a price of \$0.01 per share, which are exercisable through August 12, 2020. The issuance took place in a private placement transaction pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act and/or Regulation D. The investor is an accredited investor, and the Company conducted the private placement without any general solicitation or advertisement, and with a restriction on resale.

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

ITEM 5. OTHER INFORMATION

Entry into a Material Definitive Agreement; Unregistered Sales of Equity Securities

On August 12, 2016, the Company entered into an Agreement and Amendment with David M. Truitt, pursuant to which Mr. Truitt agreed to extend the due date on the Secured Promissory Note dated April 2, 2015, as amended, to January 31, 2017, and the Company issued Mr. Truitt warrants to purchase 12,000,000 shares of the Company's common stock.

Amendments to Articles of Incorporation or Bylaws; Material Modification to Rights of Security Holders

On August 15, 2016, the Company amended its Articles of Incorporation to change the number of authorized shares of common stock to 750,000,000.

ITEM 6. EXHIBITS

Exhibit	Description
3.1	<u>Certificate of Amendment to Articles of Incorporation of Geospatial Corporation</u>
10.1	<u>Agreement and Amendment dated as of August 12, 2016 by and between Geospatial Corporation and David M. Truitt</u>
31.1	<u>Rule 13a-14(a) Certification of Mark A. Smith</u>
31.2	<u>Rule 13a-14(a) Certification of Thomas R. Oxenreiter</u>
32.1	<u>Section 1350 Certification of Chief Executive Officer</u>
32.2	<u>Section 1350 Certification of Chief Financial Officer</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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 15, 2016

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**



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov



090204

Certificate of Amendment

(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

Geospatial Corporation

2. The articles have been amended as follows: (provide article numbers, if available)

See attached Exhibit A.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is:

See Attached Exhibit B

4. Effective date and time of filing: (optional) Date:

Time:

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit-After
Revised: 1-5-15

EXHIBIT A

ARTICLE II of the Geospatial Corporation Articles of Incorporation
is hereby amended in its entirety to read as follows:

“ARTICLE II – STOCK

The aggregate number of shares which this corporation shall have authority to issue is 750,000,000 shares of Common Stock having a par value of \$.001 per share and 25,000,000 shares of Preferred Stock having a par value of \$.001 per share. All Common Stock of the corporation shall be of the same class and shall have the same rights and preferences. The Company shall have authority to issue the shares of Preferred Stock in one or more series with such rights, preferences and designations as determined by the Board of Directors of the Company. Fully-paid stock of this Company shall not be liable to any further call or assessment.”

EXHIBIT B

The Amendment to the Articles of Incorporation of Geospatial Corporation was approved by a written consent signed by shareholders holding shares entitling them to 496,193,538 votes out of a total of 628,921,091 votes, or 78.9%.

AGREEMENT AND AMENDMENT

THIS AGREEMENT AND AMENDMENT ("Agreement") is dated as of August 12, 2016, by and between Geospatial Corporation, a Nevada corporation (the "Company"), and David M. Truitt, an individual resident of Virginia ("Purchaser").

RECITALS:

WHEREAS, the Company 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 so amended, the "First Note"); and

WHEREAS, the Company issued and sold to Purchaser its Secured Promissory Note dated January 27, 2016 in the principal amount of \$250,000.00 (the "Second Note")

WHEREAS, the First Note and the Second 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, Geospatial Mapping Systems, Inc. ("Mapping") pursuant to the terms of a Security Agreement dated as of April 2, 2015 between Mapping and Purchaser (the "Mapping Security Agreement"); and

WHEREAS, Purchaser has agreed to extend the maturity date of each Note in consideration of the Company issuing to Purchaser warrants to purchase an aggregate of 12,000,000 shares of the Company's common stock, par value \$.001 per share ("Common Stock").

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

1. Amendment to the Notes. Section 2.1 of each Note is hereby amended in its entirety to read as follows:

2.1 Maturity Date. This Note will automatically mature and all unpaid principal and accrued and unpaid interest will be due and payable on the earlier of (a) January 31, 2017 (the "Maturity Date"), or (b) the occurrence of an Event of Default (as defined in Section 5).

2. Waiver of Event of Default. Any Event of Default (as defined in the Notes) resulting from the Company's prior non-payment, if any, of amounts due under the Notes is hereby waived by Purchaser. Neither Note shall accrue interest at the higher rate provided for under Section 4.2 of such Note during the period from the date of such Event of Default to the date hereof.

3. Issuance of Warrants. Subject to the terms and conditions hereof, the Company hereby issues and delivers to Purchaser (i) a warrant to purchase 10,000,000 shares of Common Stock in the form attached hereto as Exhibit A (the "Priced Warrant") and (ii) a warrant to purchase 2,000,000 shares of Common Stock in the form attached hereto as Exhibit B (the "Penny Warrant") and, together with the Priced Warrant, the "Warrants").

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

(a) Organization and Standing. The Company is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, with all requisite corporate power and authority to own and operate its properties and assets and to execute and deliver this Agreement and the Warrants.

(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 Warrants and the performance of all obligations of the Company hereunder and thereunder has been taken. This Agreement and the Warrants constitute valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and (ii) general principles of equity that restrict the availability of equitable remedies.

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

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

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

(c) Experience. Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of his acquisition of the Warrants and the Warrant Shares and of protecting Purchaser's interests in connection therewith.

(d) Investment. Purchaser is acquiring the Warrants and the Warrant Shares for investment for his own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

(e) Information. Purchaser has been furnished with all information which he deems necessary to evaluate the merits and risks of acquiring the Warrants and has had the opportunity to ask questions concerning the Warrants and the Company and all questions posed have been answered to his satisfaction. Purchaser has been given the opportunity to obtain any additional information he deems necessary to verify the accuracy of any information obtained concerning the Warrants and the Company.

(f) Accredited Investor. Purchaser is an “accredited investor” within the meaning of Rule 501 promulgated under the Securities Act.

6. Registration Rights.

(a) Definitions. As used in this Section 6 and unless the context requires a different meaning, the following terms have the meanings indicated:

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

“Registration Expenses” means all expenses incurred by the Company in complying with this Section 6, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration.

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

(b) Piggyback Registration. The Company shall notify Purchaser in writing at least thirty (30) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act), which notice will specify the proposed offering price, the kind and number of securities proposed to be registered, the distribution arrangements and such other information that at the time would be appropriate to include in such notice, and will afford Purchaser an opportunity to include in such registration statement all or part of the Warrant Shares held by Purchaser on terms and conditions at least as favorable as those applicable to the securities to be sold by the Company and by any other person thereunder. Purchaser desires to include in any such registration statement all or any part of the Warrant Shares he shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. If Purchaser decides not to include some or all of his Warrant Shares in any registration statement thereafter filed by the Company or decides to withdraw his Registrable Shares from any underwriting or registration pursuant to Section 6(b)(i), Purchaser shall nevertheless continue to have the right to include any Warrant Shares in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(i) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 6(b) prior to the effectiveness of such registration whether or not Purchaser has elected to include Warrant Shares in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 6(b) hereof.

(c) Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 6(b) herein shall be borne by the Company. All Selling Expenses applicable to Warrant Shares sold by Purchaser incurred in connection with any registrations hereunder shall be borne by Purchaser.

7. Confirmations. The Company confirms that the Notes, as amended hereby, 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 in full force and effect, and nothing in this Agreement shall alter the priority of any such lien, security interest, mortgage, guarantee or pledge.

8. 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 is hereby in all respects ratified and confirmed.

9. Miscellaneous.

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

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

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

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

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

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

(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 and the Warrants.

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

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

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

COMPANY:

GEOSPATIAL CORPORATION

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

Address:

229 Howes Run Road
Sarver, PA 16055

PURCHASER:

/s/ David M. Truitt
David M. Truitt

Address:

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

EXHIBIT A

FORM OF PRICED WARRANT

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

Warrant Issue Date: August 12, 2016

COMMON STOCK PURCHASE WARRANT

For value received, Geospatial Corporation (the "Company"), a Nevada corporation, hereby certifies that David M. Truitt (the "Holder") or his permitted assign(s) is entitled to purchase from the Company, at any time or from time to time during the Exercise Period (as defined below), in whole or in part, TWO MILLION (2,000,000) shares of the Company's common stock, par value \$.001 per share ("Common Stock" or "Warrant Shares") at a price the lower of, 75% of the offering price per share in the Company's next capital raise (or series of capital raises) over \$3 million, or \$0.25 per share (the "Exercise Price"). This Warrant is issued pursuant to that certain Agreement and Amendment dated as of August 12, 2016, by and between the Company and the Holder (the "Agreement and Amendment"). This Warrant is subject to the terms of the Agreement and Amendment and the following additional terms and conditions.

1. Certain Definitions.

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

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

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

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

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

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

2. Exercise of Warrant.

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

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

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

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

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

(f) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering the resale of the Warrant Shares, or the prospectus contained therein is not available for the resale of the Warrant Shares by the Holder, then this Warrant may only be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing $[(A-B)(X)]$ by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a “cashless exercise,” as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

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

3. Adjustments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Miscellaneous.

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

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

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

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

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

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

Geospatial Corporation

By: _____
Mark Smith
Chief Executive Officer

ANNEX A

NOTICE OF EXERCISE

To: **GEOSPATIAL CORPORATION**

(1) The undersigned hereby elects to exercise the attached Warrant (i) for and to purchase thereunder, _____ shares of Common Stock, and herewith makes payment therefor of \$ _____ or (ii) for and to receive thereunder _____ shares of Common Stock pursuant to Section 2(f) of the Warrant where A= _____, B= _____ and X= _____.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

Dated: _____

(Name)

(Signature)

(Address)

Dated: _____

(Signature)

ASSIGNMENT FORM

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

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to
_____ whose address is _____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

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

EXHIBIT B
FORM OF PENNY WARRANT

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

Warrant Issue Date: August 12, 2016

COMMON STOCK PURCHASE WARRANT

For value received, Geospatial Corporation (the "Company"), a Nevada corporation, hereby certifies that David M. Truitt (the "Holder") or his permitted assign(s) is entitled to purchase from the Company, at any time or from time to time during the Exercise Period (as defined below), in whole or in part, TEN MILLION (10,000,000) shares of the Company's common stock, par value \$.001 per share ("Common Stock" or "Warrant Shares") at a price of \$0.01 per share (the "Exercise Price"). This Warrant is issued pursuant to that certain Agreement and Amendment dated as of August 12, 2016, by and between the Company and the Holder (the "Agreement and Amendment"). This Warrant is subject to the terms of the Agreement and Amendment and the following additional terms and conditions.

1. Certain Definitions.

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

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

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

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

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

2. Exercise of Warrant.

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

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

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

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

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

3. Adjustments.

(a) Adjustments Generally. The Exercise Price shall be subject to adjustment from time to time in accordance with this Section 3. Upon each adjustment of the Exercise Price pursuant to Section 3(b) and 3(c), the Holder shall thereafter be entitled to acquire upon exercise, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock determined by (i) multiplying (A) the Exercise Price in effect immediately prior to such adjustment by (B) the number of shares of Common Stock issuable upon exercise hereof immediately prior to such adjustment, and (ii) dividing the product thereof by the Exercise Price resulting from such adjustment; provided that no such adjustments shall be made in the Exercise Price and/or the number of shares of Common Stock subject to this Warrant if the conversion ratio of the Common Stock already reflects such event.

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Miscellaneous.

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

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

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

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

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

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

Geospatial Corporation

By:

Mark Smith
Chief Executive Officer

ANNEX A

NOTICE OF EXERCISE

To: **GEOSPATIAL CORPORATION**

(1) The undersigned hereby elects to exercise the attached Warrant (i) for and to purchase thereunder, _____ shares of Common Stock, and herewith makes payment therefor of \$_____.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

Dated: _____

(Name)

(Signature)

(Address)

Dated: _____

(Signature)

ASSIGNMENT FORM

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

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to
_____ whose address is _____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

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

**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, 2016 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 15, 2016

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

**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, 2016 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 15, 2016

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

**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, 2016 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 15, 2016

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

**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, 2016 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 15, 2016

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