



FOR IMMEDIATE RELEASE

OSI Geospatial Inc. Reports 2010 Third Quarter Results

**October 14, 2010
Ottawa, Canada**

OSI Geospatial Inc. (TSX: OSI) today announced its financial results for the third quarter of fiscal year 2010 ending August 31, 2010, reported in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

For the third quarter of 2010, OSI Geospatial Inc. reported consolidated revenue of \$3.3 million compared to \$6.2 million reported in the third quarter of 2009. The Company reported a net loss of \$1.3 million before taxes and a net loss after taxes of \$1.0 million compared with a net loss of \$293,000 before taxes and a net loss after taxes of \$263,000 in the third quarter of 2009.

For the third quarter of 2010, the net loss attributable to common shareholders was \$1.1 million or \$0.02 per share, compared to a net loss of \$410,000 or \$0.01 per share in the third quarter of 2009.

About OSI Geospatial

OSI Geospatial Inc. delivers advanced geospatial systems and software that enable shared real-time situational awareness for military, safety and security applications. Our products and services enable our customers to integrate and visualize live data with any combination of sensor data, imagery, maps and charts. This capability provides our customers with enhanced operational performance, safety and security through shared real-time situational awareness. OSI Geospatial systems and software are in use by military, government, and commercial customers around the world. The Company is publicly traded on the Toronto Stock Exchange. For additional information please visit www.osigeospatial.com.

Forward-Looking Statements

This press release contains forward-looking statements and information which reflect the current view of OSI Geospatial Inc. ("OSI") with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties, and OSI's actual results of operations could differ materially from historical results or current expectations. Additional information on these and other potential factors that could affect OSI's financial results are detailed in disclosure documents filed from time to time with the applicable Canadian securities regulatory authorities.

The Toronto Stock Exchange has neither approved nor disapproved the form or content of this release.

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OSI Geospatial Inc.

Interim Condensed Consolidated Balance Sheets (Unaudited)

In thousands of Canadian dollars

	August 31, 2010	November 30, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,020	\$ 315
Non-cash current assets	6,992	8,435
	<u>8,012</u>	<u>8,750</u>
Fixed assets		
Other long term assets	1,315	1,473
Goodwill and intangible assets	905	766
	<u>4,802</u>	<u>4,770</u>
	<u>\$ 15,034</u>	<u>\$ 15,759</u>
Liabilities		
Current liabilities		
Long term liabilities	\$ 3,737	\$ 5,304
	<u>766</u>	<u>492</u>
	<u>4,503</u>	<u>5,796</u>
Shareholders' Equity		
Capital stock and warrants	33,599	39,835
Contributed surplus	9,722	3,322
Accumulated deficit	(31,520)	(31,838)
Accumulated other comprehensive loss	(1,270)	(1,356)
	<u>10,531</u>	<u>9,963</u>
	<u>\$ 15,034</u>	<u>\$ 15,759</u>

Interim Condensed Consolidated Statements of Income (Loss) and Deficit (Unaudited)

In thousands of Canadian dollars, except share related data	Three months ended August 31,		Nine months ended August 31,	
	2010	2009	2010	2009
Revenue	\$ 3,302	\$ 6,212	\$ 11,858	\$ 18,252
Gross profit	754	2,362	3,566	6,016
Expenses				
Sales, engineering, general and administrative	1,918	2,526	6,761	7,766
Amortization	88	106	259	329
Interest expense	4	23	49	74
	<u>2,010</u>	<u>2,655</u>	<u>7,069</u>	<u>8,169</u>
Net loss before other items	(1,256)	(293)	(3,503)	(2,153)
Gain on sale of intellectual property	-	-	5,227	-
Net income (loss) before income taxes	(1,256)	(293)	1,724	(2,153)
Income tax expense (recovery)	(247)	(30)	1,401	(155)
Net income (loss)	<u>\$ (1,009)</u>	<u>\$ (263)</u>	<u>\$ 323</u>	<u>\$ (1,998)</u>
Earnings (loss) per share - Basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ (0.05)</u>

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars	Three Months ended August 31,		Nine months ended August 31,	
	2010	2009	2010	2009
Cash flows from (used in) operating activities				
Net income (loss) for the period	\$ (1,009)	\$ (263)	\$ 323	\$ (1,998)
Items not affecting cash	468	156	(3,406)	384
	<u>(541)</u>	<u>(107)</u>	<u>(3,083)</u>	<u>(1,614)</u>
Changes in non-cash working capital items	(91)	(423)	122	3,182
	<u>(632)</u>	<u>(530)</u>	<u>(2,961)</u>	<u>1,568</u>
Cash flows from (used in) investing activities	(66)	(193)	4,502	(356)
Cash flows used in financing activities	4	718	(875)	(729)
Effect of foreign exchange on cash balances	4	20	39	45
Increase (decrease) in cash	(690)	15	705	528
Cash – beginning of period	1,710	513	315	-
Cash – end of period	<u>\$ 1,020</u>	<u>\$ 528</u>	<u>\$ 1,020</u>	<u>\$ 528</u>