



FOR IMMEDIATE RELEASE

OSI Geospatial Reports 2007 First Quarter Results

April 12, 2007
Vancouver, Canada

OSI Geospatial Inc. (TSX: OSI; OTCBB: OSIIF) announced today its financial results for the first quarter ended February 28, 2007. All amounts are reported in U.S. dollars and in accordance with U.S. GAAP.

For the first quarter of 2007, OSI Geospatial reported revenue of \$3.6 million, similar to the \$3.7 million reported for the same quarter in 2006. The revenue mix has changed quarter over quarter, and includes approximately \$700,000 in marine systems revenue, approximately \$2.3 million in land and air systems revenue and approximately \$523,000 in mapping revenue. In the first quarter of 2006, the Company reported \$1.3 million in marine systems revenue, \$1.9 million in land and air systems revenue and \$529,000 in mapping revenue.

For the first quarter of 2007, the company reported a net loss of \$2.0 million compared to net loss of \$1.2 million for the same quarter in 2006. The increase in net loss for the first quarter of 2007 was largely due to the decrease in marine systems revenue due to the timing of contract awards, lower margin sales and no research and development contributions by Technology Partnership Canada.

For the first quarter of 2007, the net loss attributable to common shareholders was \$2.2 million or \$0.06 per share compared to the net loss of \$1.4 million or \$0.04 per share in 2006.

"We have set clear strategic objectives for the year, and we are confident that we will be able to deliver on our commitments, including achieving revenue of \$28 to \$32 million," said Ken Kirkpatrick, president and CEO of OSI Geospatial. "During the quarter, we remained focused on the execution of our growth strategy and we continue to pursue opportunities with the U.S. and U.K. Departments of Defense and develop our National Security and Homeland defense market."

First Quarter Highlights

- Awarded a \$1.2 million prime contract with the U.K. Hydrographic Office to verify and validate the accuracy and quality of their Electronic Navigational Charts
- Awarded new mapping business of \$2.8 million
- Awarded follow on land and air contracts with existing customers worth approximately \$1.5 million
- Awarded follow on marine contracts with existing customers worth approximately \$1.0 million
- Received Simplified Voyage Data Recorder product type approval and secured two customers
- Hosted first ever super user conference bringing together 35 delegates from eight navies and military branches to share experiences and development ideas for OSI's product ECPINS®
- Announced relocation of corporate headquarters to Ottawa, Ontario, Canada to allow for effective development of Canadian, U.S. and European defense business



Conference Call

OSI Geospatial will present the results from the 2007 first quarter at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time), April 12, 2007. The conference call can be accessed on the company's investor site at www.osigeospatial.com. To listen to the conference call live by telephone, dial +1-800-319-4610 for participants in North America and +1-604-638-5340 for Vancouver area and international participants approximately ten minutes before the start time. A telephone playback will be available for seven business days, beginning approximately one hour after the call. To listen to the replay, North American callers please dial +1-800-319-6413 and international callers please dial +1-604-638-9010. Enter access code 5183.

About OSI Geospatial

OSI Geospatial Inc. delivers advanced systems and software to address the growing need for enhanced situational awareness in command, control, communications, and intelligence applications. By providing essential tactical and geospatial information, the company's systems and software help decision-makers know the precise location of mission operations across all military forces while integrating information with allies. OSI Geospatial systems are in use by military, government, and commercial customers around the world. The company is publicly traded on the Toronto Stock Exchange (OSI) and the Over the Counter Bulletin Board (OSIIF). For additional information please visit www.osigeospatial.com.

Forward-Looking Statements

Certain statements made in this news release that are not based on historical information (including those in the section entitled "Outlook") are forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and Section 138.4(9) of the Ontario Securities Act. These forward-looking statements are subject to risks and uncertainties. Actual results may differ from these projections. The risks associated with the Company's business include risks related to its reliance on international government contracts; the number of large customer transactions and the related lengthy sales cycles in executing those opportunities; uncertainties associated with competitive bidding processes and contract negotiations; actions by government authorities; the effects of general economic and political conditions; changing foreign exchange rates; and challenges related to the company's ability to introduce, develop and implement new products and enhancements to existing products that respond to customer requirements in a changing, complex, technological market. A complete discussion of the company's risk factors is presented in the company's most recent annual reports, filed with the United States Securities and Exchange Commission ("SEC") and the Canadian Securities Administrators ("CSA"), as well as other periodic reports filed with the SEC and the CSA. The Company does not undertake any obligation to update the forward-looking statements.

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OSI Geospatial Inc.
Consolidated Balance Sheets (Unaudited) (US GAAP)

In thousands of U.S. dollars	February 28, 2007	November 30, 2006
<u>Assets</u>		
Current assets		
Accounts receivable	\$ 7,887	\$ 12,707
Income taxes recoverable	106	28
Inventory	1,295	1,063
Prepaid expenses and deposits	974	535
	<hr/>	<hr/>
	10,262	14,333
Deferred tax asset	10	-
Plant and equipment	1,025	1,089
Intangible and other assets	714	794
Goodwill	8,129	8,129
	<hr/>	<hr/>
	\$ 20,140	\$ 24,345
<u>Liabilities</u>		
Current liabilities		
Bank indebtedness	\$ 378	\$ 904
Accounts payable and accrued liabilities	3,519	4,887
Income taxes payable	-	86
Unearned revenue	524	667
	<hr/>	<hr/>
	4,421	6,544
Deferred tax liability	-	20
	<hr/>	<hr/>
	4,421	6,564
<u>Stockholders' Equity</u>		
Issued and outstanding		
30,262 Class A Series A preference shares (2006 – 30,262)	19	19
224,570 Class B, Series 2 preference shares (2006 – 279,840)	7,335	8,696
38,388,221 common shares (2006 – 35,137,046)	20,462	18,222
	<hr/>	<hr/>
	27,816	26,937
Warrants	4,286	4,286
Additional paid in capital	2,814	3,357
Accumulated deficit	(21,486)	(19,226)
Accumulated other comprehensive income	2,289	2,427
	<hr/>	<hr/>
	15,719	17,781
	<hr/>	<hr/>
	\$ 20,140	\$ 24,345



OSI Geospatial Inc.
Consolidated Statements of Loss (Unaudited) (U.S. GAAP)

In thousands of U.S. dollars, except share related data	Three months ended February 28,	
	2007	2006
Revenue		
Marine Systems	\$ 700	\$ 1,282
Land and air systems	2,348	1,852
Mapping	523	529
	<hr/> 3,571	<hr/> 3,663
Cost of sales	<hr/> 2,902	<hr/> 2,469
Gross profit	<hr/> 669	<hr/> 1,194
Expenses		
General and administrative	1,322	1,346
Engineering	481	542
Sales and marketing	705	552
Depreciation and amortization	111	132
Interest expense	22	6
Interest income	-	(13)
Foreign exchange loss (gain)	(85)	21
Technology Partnerships Canada royalty	30	57
Technology Partnerships Canada contribution	-	(210)
	<hr/> 2,586	<hr/> 2,433
Net loss before income taxes	<hr/> (1,917)	<hr/> (1,239)
Deferred income tax expense	14	16
Current income tax expense (recovery)	91	(26)
Income tax expense (recovery)	<hr/> 105	<hr/> (10)
Net loss	<hr/> \$ (2,022)	<hr/> \$ (1,229)
Net loss attributable to common shareholders	<hr/> \$ (2,195)	<hr/> \$ (1,405)
Loss per share - basic and diluted	\$ (0.06)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	36,148,418	31,269,155
Dividends declared per share		
Class B preference shares – Series 2	\$ -	\$ -



OSI Geospatial Inc.
Consolidated Statements of Cash Flows (Unaudited) (U.S. GAAP)

For the three months ended February 28,

In thousands of U.S. dollars	2007	2006
Cash flows from operating activities		
Net loss for the period	\$ (2,022)	\$ (1,229)
Items not affecting cash		
Depreciation and amortization	164	187
Stock-based compensation	53	25
Deferred income taxes	14	(10)
	<u>(1,791)</u>	<u>(1,027)</u>
Changes in non-cash working capital items		
Accounts receivable	4,597	3,637
Inventory	(258)	(94)
Prepaid expenses and deposits	(423)	60
Accounts payable and accrued liabilities	(1,294)	(1,779)
Income taxes payable	(187)	(141)
Unearned revenue	(127)	252
	<u>2,308</u>	<u>1,935</u>
	<u>517</u>	<u>908</u>
Cash flows used in investing activities		
Purchase of CHI Systems Inc., net of cash acquired	-	(7,883)
Increase in marketable securities	-	(258)
Decrease in restricted cash	-	190
Additions to plant and equipment	(27)	(48)
Additions to intangibles and other assets	(22)	(40)
	<u>(49)</u>	<u>(8,039)</u>
Cash flows used in financing activities		
Repayment to operating line of credit	(477)	-
	<u>(477)</u>	<u>-</u>
Effect of foreign exchange on cash and cash equivalents	<u>9</u>	<u>58</u>
Decrease in cash and cash equivalents	<u>-</u>	<u>(7,073)</u>
Cash and cash equivalents – beginning of period	<u>-</u>	<u>8,222</u>
Cash and cash equivalents – end of period	<u>\$ -</u>	<u>\$ 1,149</u>