



OSI Geospatial Inc. Provides Update on Its US Research and Development Operations

Monday, October 24, 2011
Vancouver, Canada

OSI Geospatial Inc. ("the Company" or "OSI") (TSX Venture: OSI) confirms that its US research and development operations will experience an approximate 50% decline in revenue in fiscal 2011 when compared to fiscal 2010. The research and development operations generated approximately 55% of the Company's consolidated revenue reported in fiscal year 2010. The decrease has primarily been due to defense budget reductions that have resulted in the unexpected termination of key projects and the delay of projects that were expected to close in fiscal 2011. Further information related to its US research and development operations will be available in the Company's 3rd quarter 2011 financial results that will be released by the end of October 2011.

"We have taken the necessary steps to limit the impact of this very challenging situation, but there continues to be uncertainties with the future plans for military research and development spending in the US," said Ken Kirkpatrick, president and CEO. "We currently expect 2012 to be another challenging year for our R&D business."

About OSI Geospatial

OSI Geospatial Inc. operates two distinct business units: Offshore Systems Ltd. (based in Vancouver, British Columbia), a world-leading naval fleet supplier of integrated navigation and tactical solutions; and CHI Systems, Inc. (based in Philadelphia, Pennsylvania), a leading-edge research, development, and systems integration supplier of technology solutions for defense, aerospace, health, and bioscience markets. OSI Geospatial systems and software are in use by military, government, and commercial customers around the world. The Company is publicly traded on the TSX Venture Exchange. For additional information please visit www.osigeospatial.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

This press release includes forward-looking information within the meaning of applicable securities laws including information concerning the business and future results of OSI Geospatial, specifically with respect to the results of the Company's US research and development operations. Any such forward-looking statements are subject to risks and uncertainties and OSI Geospatial'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 Geospatial's financial results are detailed in disclosure documents filed from time to time with the applicable Canadian securities regulatory authorities.

Data subject to change without notice.

For more information:

Jim Girard
Vice-President Finance
+1 778-373-4600
+1 888 880 9797
+1 778-373-0027 (FAX)
invest@osigeospatial.com