



OSI Geospatial Inc.

Insider Trading Policy

June 6, 2011

Revision 1.3

Insider Trading Policy

Revision 1.3

Introduction

1. Introduction

OSI Geospatial Inc. (the “**Company**”) as a public company has internal guidelines to control transactions involving its securities by all OSI Geospatial Team Members including all employees, officers and directors and to ensure OSI Geospatial Team Members are aware of and comply with their legal obligations.

Every OSI Geospatial Team Member is required to fully comply with all applicable laws, stock exchange rules and this Insider Trading Policy (the “**Policy**”).

The objectives of this Policy are to:

- (a) educate OSI Geospatial Team Members about their legal obligations with respect to Undisclosed Material Information, Insider Trading and Tipping (each as defined in this policy);
- (b) foster and facilitate compliance with applicable laws, stock exchange rules and this Policy to prevent non-compliant trading activities or disclosure of Undisclosed Material Information by OSI Geospatial Team Members
- (c) formally recognize the obligation of all OSI Geospatial Team Members to preserve the confidentiality of Undisclosed Material Information; and
- (d) formally recognize the prohibition on Insider Trading and Tipping by all OSI Geospatial Team Members.

This Policy should be read in conjunction with the Company's Corporate Disclosure and Confidentiality of Information Policy.

1.1 Scope of this Policy

This Policy applies to all OSI Geospatial Team Members except as otherwise expressly stated in this policy.

2. Legal Background

2.1 Insider Trading

Securities legislation prohibits “**Insider Trading**” which refers to anyone in a Special Relationship (as defined in this policy) with the Company purchasing or selling or otherwise monetizing Securities of the Company while in possession of Undisclosed Material Information

2.2 Tipping

Securities legislation prohibits “**Tipping**” which refers to the Company or any person or company in a Special Relationship with the Company informing, other than in the Necessary Course of Business (as defined in this policy), anyone of Material Information (as defined in this policy) before that Material information has been Generally Disclosed (as defined in this policy).

2.3 Definitions

- a) "**10% Shareholder**": means a person that has direct or indirect beneficial ownership of; control or direction over; or a combination of direct or indirect beneficial ownership of and of control or direction over securities of the Company carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution.
- b) "**Blacked-Out Employee**": means an OSI Geospatial Team Member who receives written notice that they are designated by the President and Chief Executive Officer of the Company as Blacked-Out Employees and prohibited from trading in Securities of the Company during a specified Regularly Scheduled Black-Out Period or a specified Discretionary Black-Out Period.
- c) "**Discretionary Blackout Period**": means any period in addition to any Regularly Scheduled Black-Out Period, designated by the President and Chief Executive Officer of the Company, from time to time, and communicated in writing to those OSI Geospatial Team Members subject to the Discretionary Blackout Period.
- d) "**Employee**" means a full-time, part-time, contract or secondment employee of the Company or any of its Subsidiaries.
- e) "**Generally Disclosed**" means disseminated to the public by way of a news release together with the passage of a reasonable amount of time (24 hours, unless otherwise advised that the period is longer or shorter, depending on the circumstances) for the public to analyze the information.
- f) "**Insider**": means
 - (i) a director or officer of the Company;
 - (ii) a 10% Shareholder;
 - (iii) a director or officer of a Subsidiary; or
 - (iv) a director or officer of a 10% Shareholder of the Company.
- g) "**Material Change**": in relation to the affairs of any Reporting Issuer, means a change in the business, operations, capital, assets or ownership of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company, including a decision to implement such a change if such a decision is made by the board of directors of the Company or by senior management of the Company who believe that confirmation of the decision by the board of directors of the Company is probable.
- h) "**Material Fact**": means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Company.

- i) **"Material Information"**: means both Material Facts and Material Changes. See Schedule A attached hereto for additional information.
- j) **"Regularly Scheduled Black-Out Period"**: means the period beginning 15 calendar days after the last day of the month following each fiscal quarter or year end and ending on the close of business on the first business day following the day on which the Company discloses its annual or quarterly financial results provided that if the Regularly Scheduled Black-Out Period ends on a weekend or a day designated as a statutory holiday in the Province of Ontario or British Columbia, it shall be deemed to have ended on the last business day before the weekend or statutory holiday.
- k) **"Securities of the Company"** includes any security of the Company (including a put, call, option or other right or obligation to purchase or sell securities of the Company) or any security of any other company, the market price of which varies materially with the market price of any security of the Company.
- l) **"Senior Officer"** means:
 - (i) the Board of Directors of the Company or any of its Subsidiaries, the President, Chief Executive Officer, Chief Financial Officer or a Vice-President of the Company or any of its Subsidiaries; or
 - (ii) any other individual who performs functions for the Company or any of its Subsidiaries similar to those normally performed by an individual occupying any of the offices listed in (i) above.
- m) **"Special Relationship"**: for the purpose of this Policy, a person is in a special relationship with OSI Geospatial Inc. if the person:
 - (i) is a OSI Geospatial Team Member;
 - (ii) is engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of the Company or its Subsidiaries, including, without limitation, a consultant, and including each director, officer, partner or employee of such person;
 - (iii) is a 10% Shareholder;
 - (iv) is a director, officer, employee or contractor of a 10% Shareholder;
 - (v) is a member of an operating or advisory committee of the Company or its Subsidiaries;
 - (vi) learned of Material Information with respect to the Company from a person described in (i) through (v) of this definition and knew or ought reasonably to have known that the other person was in such a special relationship; and
 - (vii) any spouse, live-in partner or relative of any of the individuals referred to in (i) through (v) of this definition who resides in the same household as that individual who do not live in that individual's household but whose transactions in the Company's securities are directed by, or are subject to the influence or control of, that individual (such as parents or children who consult with the individual before they trade in OSI Geospatial Inc. securities; they accordingly should be made aware of the need to confer with the individual before they trade in the Company's securities).

- n) **"Subsidiary"**: means a company controlled by (1) the Company, (2) the Company and one or more companies, each of which is controlled by the Company, or (3) two or more companies, each of which is controlled by the Company; or a company which is a subsidiary of a company that is the Company's subsidiary. In general, a company will control another company when the first company owns more than 50% of the outstanding voting securities of that other company.
- o) **"OSI Geospatial Team Member"**: means each director, officer, employee or independent contractor (who is engaged in an employee-like capacity) of OSI Geospatial Inc. or any of its Subsidiaries,
- p) **"Undisclosed Material Information"** means Material Information that has not been Generally Disclosed.

3. Obligations

3.1 Obligations on all OSI Geospatial Team Members

- a) OSI Geospatial Team Members cannot purchase or sell or otherwise monetize Securities of the Company while in possession of Undisclosed Material Information.
- b) OSI Geospatial Team Members who in the course of working for the Company or any of its Subsidiaries learn of material information about a company with which the Company or any of its Subsidiaries does business, including a customer or supplier of the Company or any of its Subsidiaries, cannot purchase or sell or otherwise monetize that company's securities until the material information has been Generally Disclosed or is no longer material.
- c) OSI Geospatial Team Members cannot disclose Undisclosed Material Information to anyone before that Material Information has been Generally Disclosed, unless that Material Information is disclosed in the Necessary Course of Business.
- d) OSI Geospatial Team Members who have knowledge of Undisclosed Material Information must treat the Material Information as confidential until the Material Information has been Generally Disclosed.
- e) OSI Geospatial Team Members who in the course of working for the Company or any of its Subsidiaries learn of material information about a company with which the Company or any of its Subsidiaries does business, including a customer or supplier of the Company or any of its Subsidiaries, cannot inform anyone of such material information until the material information has been Generally Disclosed or is no longer material, unless that Material Information is disclosed in the Necessary Course of Business. The **"Necessary Course of Business"** exception for disclosure of Undisclosed Material Information is a limited one and exists so as not to unduly interfere with a company's ordinary business activities. Circumstances where securities regulators believe disclosure may be in the necessary course of business may include:
 - a) Communications that are required to be made to further the business purposes of the Company or any of its Subsidiaries with:

- vendors, suppliers or strategic partners on issues such as sales and marketing and supply contracts;
 - employees, officers and board members;
 - lenders, legal counsel and underwriters, auditors and other professional advisors to a company;
 - parties to negotiations;
 - credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency's ratings generally are or will be publicly available);
 - labour unions and industry associations; or
 - government agencies;
- b) Disclosures in connection with a private placement; or
- c) Communications with controlling shareholders, in certain circumstances.

Undisclosed Material Information shall not be disclosed to anyone except in the Necessary Course of Business. Undisclosed Material Information which is to be disclosed in the Necessary Course of Business shall only be disclosed in accordance with the Company's Corporation Disclosure and Confidentiality of Information Policy. For greater certainty, disclosure to analysts, institutional investors, other market professionals and members of the press and other media will not be considered to be in the Necessary Course of Business. If Undisclosed Material Information has been disclosed in the necessary course of business, anyone so informed must clearly understand that it is to be kept confidential, and, in appropriate circumstances, execute a confidentiality agreement.

When in doubt, all OSI Geospatial Team Members must consult with the President and Chief Executive Office of the Company to determine whether disclosure in a particular circumstance is in the Necessary Course of Business.

See also the Company's Corporate Disclosure and Confidentiality of Information Policy for more information.

3.2 Prohibitions against short selling and certain trading

In addition to the obligations set forth in Section 3.1 above, all Insiders and all Senior Officers shall not engage in the short selling of, or trading in puts, calls or options in respect of the securities of the Company.

3.3 Additional Obligations on Insiders and Blacked-Out Employees

Additional obligations are imposed on OSI Geospatial Team Members who are Insiders, Senior Officers and Blacked-Out Employees, in the manners described in this section 3.3.

- a) Who is subject to Regularly Scheduled Blackout Periods?

The following are subject to Regularly Scheduled Blackout Periods:

- All Insiders and Senior Officers
 - All OSI Geospatial Team Members who receive written notice from the President and CEO that they are designated Blacked-Out Employees during such periods.
- b) Who is subject to Discretionary Blackout Periods?
- The following are subject to Discretionary Blackout Periods:
- All OSI Geospatial Team Members who receive written notice from the President and CEO that they are designated Blacked-Out Employees during such periods.
- c) *Additional Obligations on Insiders*
- i) Insider Reports

Under applicable securities laws, Insiders are required to file a report (an "**Insider Report**") with securities regulators within 10 days of becoming an Insider and within 10 days after any change in its interest in any securities of the Company (including the grant and exercise of options and including certain derivative based transactions and equity monetization transactions related thereto). Examples of such derivative based transactions include total return swaps and credit default swaps. Insiders must file an Insider Report electronically through the "System for Electronic Disclosure by Insiders" ("SEDI").
 - ii) Notice to President and CEO

All Insiders must give prior notice to the President and CEO any time they wish to trade in any of the securities of the Company.
- d) *Obligations on Insiders, Senior Officers and designated Blacked-Out Employees during Regularly Scheduled Blackout Periods*
- i) During Regularly Scheduled Blackout Periods, Insiders, Senior Officers and designated Blacked-Out Employees cannot purchase or sell or otherwise monetize Securities of the Company.
 - ii) During a Discretionary Blackout Period, designated Blacked-Out Employees cannot purchase or sell or otherwise monetize Securities of the Company; inform anyone that a Discretionary Black-Out Period is in effect; or disclose the particular events or developments relating to the Discretionary Black-Out Period.

3.4 Exceptions to trading during black-out periods

Notwithstanding the above prohibitions, in section 3.3 (d), Insiders, Senior Officers and designated Blacked-Out Employees may exercise options during a blackout period, but only if all of the following conditions are met:

- a) the options will expire during the blackout period;
- b) the options are in-the-money at the time of exercise;
- c) the Insider, Senior Officer or designated Blacked-Out Employee is not in possession of any Undisclosed Material Information, be it Undisclosed Material Information that

- is the cause of the blackout period or any other Undisclosed Material Information;
and
- d) the Blacked-out Employee has delivered written notice to the President and CEO of his or her intent to exercise options at least three business days prior to such exercise and at the same time delivers a written acknowledgement confirming that the above conditions have been met and that he or she will not trade the shares received on exercise of the options until such time that:
- o the blackout period has expired; and
 - o the Blacked-out Employee is not otherwise subject to another blackout period or prohibited by law from trading in such securities.

Please note that:

Blacked-Out Employees may, as a result of the conditions in paragraph 3.4(d) above, be prevented from trading in securities received on exercise of options for a period that extends beyond the expiry of the blackout period during which they exercised such options.

The exception in Section 3 of this Policy does not apply to any sale of shares as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

3.5 Waiver

Notwithstanding any of the prohibitions contained in section 3.3, the President and CEO may, at his or her discretion, waive the prohibitions contained in section 3.3 in exceptional circumstances, provided that the OSI Geospatial Team Member seeking the waiver does not have knowledge of any Undisclosed Material Information and that granting such a waiver would not violate any applicable laws or stock exchange rules. The President and CEO will report any such waivers to the Board of Directors at the next regularly scheduled meeting of the Board of Directors.

3.6 Potential Civil and Criminal Penalties

When OSI Geospatial Team Members are caught engaging in Insider Trading or Tipping it causes great embarrassment to the Company. Non-compliance with this Policy is a serious breach of the terms and conditions of engagement. In the event of a breach of this Policy, the Company may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. The Company will also report the matter to the appropriate regulatory authorities.

The prohibited dismissal, fines, and criminal sanctions.

The consequences of Insider Trading and Tipping can be severe and may include:

- . fines and penal sanctions;
- . civil actions for damages;
- . criminal penalties and incarceration;

- . an accounting to the Company for any benefit or advantage received; and
- . administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions.

3.7 Post-Termination Transactions

This Policy continues to apply to transactions in Securities of the Company by OSI Geospatial Team Members even after termination of employment or service of such persons. If any of these persons is in possession of Undisclosed Material Information at the time of termination of that person's employment or service with the Company, that person may not trade in Securities of the Company until that information has been Generally Disclosed or is no longer material.

3.8 Acknowledgement

OSI Geospatial Team Members will be requested to sign the acknowledgement attached as Schedule "B" to this Policy.

Insider Trading Quick Reference List

Do not trade in securities of OSI Geospatial Inc. or any security of any other company, the market price of which varies materially with the market price of any security of OSI Geospatial Inc. when you:

- know Material Information about OSI Geospatial Inc. which has not been disseminated to the public by way of a news release together with the passage of a reasonable amount of time for the public to analyze the information.
- have received notice from the President and CEO or his/her designee that you are subject to a blackout period
- have received any other notice from the President and CEO or his/her designee that you cannot trade in securities

Do not trade in securities of another public company when you:

- know Material Information about another public company which has not been disseminated to the public by way of a news release together with the passage of a reasonable amount of time for the public to analyze the information and you learned of such Material Information because of your business or dealings with OSI Geospatial Inc. or any of its Subsidiaries.

NOTE: This Quick Reference List is qualified in it entirely by the complete text of the Insider Trading Policy. Capitalized terms contained herein shall have the meaning ascribed thereto in the Insider Trading Policy. In the case of any discrepancy between this Quick Reference List and the Insider Trading Policy, the Insider Trading Policy shall be determinative.

Schedule A

Examples of Information That May Be Material (Based on National Policy 51-201 and Section 410 of the Toronto Stock Exchange Company Manual)

The following are examples of the types of events or information that may be Material Information. This list is not exhaustive and is not a substitute for the Company exercising its own judgment in making materiality determinations.

Changes in corporate structure

- changes in share ownership that may affect control of the company
- changes in corporate structure such as major reorganizations, amalgamations, or mergers
 - take-over bids, issuer bids, or insider bids

Changes in capital structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

Changes in financial results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the company's assets
- any material change in the company's accounting policies

Changes in business and operations

- any development that affects the company's resources, reserves, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies

- changes to the Board of Directors or executive management, including the departure of the company's CEO, CFO, COO or president (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the company's securities or their movement from one quotation system or exchange to another

Acquisitions and dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

Changes in credit arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

Any other developments relating to the business and affairs of the Company that would reasonably be expected to significantly affect the market price or value of any of the Company's securities or that would reasonable be expected to have a significant influence on a reasonable investor's investment decisions.

Schedule B

Receipt and Acknowledgement

I, _____, hereby acknowledge that I have received and read
(Print Name)

a copy of the "OSI Geospatial Insider Inc. Trading Policy" and agree to comply with its terms. I understand that violation of insider trading or tipping laws, rules or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-noted policy may subject me to discipline by the Company up to and including termination.

Signature

Date