

NovAtel Reports Results for the Second Quarter 2001

(Calgary, Alberta, Canada, July 18, 2001) — NovAtel Inc. (NASDAQ: NGPS), a global positioning systems manufacturer, today announced results for the second quarter ended June 30, 2001.

Revenues in the second quarter 2001 were CDN \$6.5 million (US \$4.2 million) compared to CDN \$6.5 million in the same period a year ago. The Company is reporting a net loss for the second quarter 2001 of CDN \$439,000 (US \$285,000) or CDN \$0.06 (US \$0.04) per share compared with a net loss of CDN \$449,000 (US \$292,000) or CDN \$0.06 (US \$0.04) per share in the same period a year ago.

“I am pleased with the overall performance of our company in the second quarter of this year,” commented David Vaughn, President and CEO. “Both our revenue and bottom line results were in line with our expectations for the current quarter. While our second quarter 2001 revenue was flat over last year’s, the revenue from a year ago included \$1.2 million of shipments into the China SNAS aviation program, compared to no shipments this year.”

“Our Special Applications business did very well this quarter, with an increase of 42% over the second quarter 2000,” continued Vaughn. “Helping to drive this growth are the recently announced orders from Agsystems Pty Ltd. and Applanix Corporation, and the selection by Zeta Associates Incorporated of NovAtel to develop receivers for the new GPS L5 civil signal.”

“As expected, Aerospace & Defense revenues declined slightly when comparing this quarter to the same period in 2000, due to last year’s \$1.2 million China SNAS program revenues referred to earlier,” said Vaughn. “In our Geomatics business, revenue decreased from the second quarter of 2000 due to fewer shipments from our joint venture Point, Inc. into Sokkia Co., Ltd.’s distribution channels.”

“Our results for the first half of 2001 are ahead of our expectations, on both the revenue and bottom line performance,” concluded Vaughn.

The Company will have a conference call this afternoon at 4:30 p.m. E.T. Participants may join NovAtel Inc.’s teleconference by dialing 888-489-9492, or 212-676-5403 internationally. A live webcast of the conference call can be accessed at www.streetfusion.com.

A replay of the conference call will be available until July 25, 2001 by dialing 1-800-558-5253 and entering reservation number 19365454, or until October 18, 2001 at the web address noted above.

NovAtel Inc. designs, markets and supports a broad range of products that determine precise geographic locations using the Global Positioning System (“GPS”). NovAtel’s GPS products are used principally for applications in high-end markets such as the surveying, geographic information systems, aviation, marine, mining and machine control, agriculture and precise timing markets. For further information please visit our website at <http://www.novatel.ca>.

Certain statements in this news release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company's industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, operating results of subsidiaries and joint ventures, establishing and maintaining effective distribution channels, certification and market acceptance of the Company's new products, impact and timing of large orders, pricing pressures in the market and other competitive factors, maintaining technological leadership, timing of revenue recognition in connection with certain contracts, the ability to maintain supply of products from subcontract manufacturers, the procurement of components to build products, and the impact of industry consolidations, together with the other risks and uncertainties described in public filings.

NOVATEL INC.

CONSOLIDATED BALANCE SHEETS
(in Canadian \$ thousands)

	June 30. 2001	December 31. 2000
ASSETS		
Current assets:		
Cash and short term investments.....	\$ 4,045	\$ 6,055
Accounts receivable.....	4,772	4,246
Related party receivables	1,096	1,165
Related party notes receivable.....	1,540	1,426
Inventories	7,074	6,532
Prepaid expenses and deposits	<u>346</u>	<u>401</u>
Total current assets.....	18,873	19,825
Capital assets.....	3,229	3,592
Intangible assets	2,661	2,853
Deferred development costs	<u>2,550</u>	<u>2,560</u>
Total assets	<u>\$ 27,313</u>	<u>\$28,830</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,643	\$ 5,811
Related party payables	549	568
Notes payable.....	1,711	1,426
Deferred revenue	492	245
Provision for future warranty costs.....	285	268
Capital lease obligation – current portion	<u>235</u>	<u>228</u>
Total current liabilities	7,915	8,546
Deferred gain on sale/leaseback of capital assets	869	935
Capital lease obligation – long-term portion	<u>188</u>	<u>307</u>
Total liabilities	<u>8,972</u>	<u>9,788</u>
Non-controlling interest	<u>73</u>	<u>73</u>
Shareholders' equity:		
Capital stock	35,648	35,614
Deficit.....	<u>(17,380)</u>	<u>(16,645)</u>
Total shareholders' equity	<u>18,268</u>	<u>18,969</u>
Total liabilities and shareholders' equity	<u>\$ 27,313</u>	<u>\$28,830</u>

NOVATEL INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in Canadian \$ thousands, except per share data)

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u> <u>2001</u>	<u>June 30,</u> <u>2000</u>	<u>June 30,</u> <u>2001</u>	<u>June 30,</u> <u>2000</u>
Revenues	\$ 6,520	\$ 6,470	\$ 13,520	\$ 12,763
Cost of sales.....	<u>3,019</u>	<u>2,538</u>	<u>6,736</u>	<u>5,648</u>
Gross profit.....	<u>3,501</u>	<u>3,932</u>	<u>6,784</u>	<u>7,115</u>
Operating expenses:				
Research and development	1,866	2,121	3,747	4,053
Selling and marketing	835	1,256	1,764	2,250
General and administration.....	<u>1,070</u>	<u>1,036</u>	<u>1,962</u>	<u>1,936</u>
Total operating expenses.....	<u>3,771</u>	<u>4,413</u>	<u>7,473</u>	<u>8,239</u>
Operating loss	(270)	(481)	(689)	(1,124)
Interest income	47	67	98	143
Other income (expense).....	<u>(227)</u>	<u>(41)</u>	<u>(143)</u>	<u>1</u>
Loss from continuing operations before income taxes	(450)	(455)	(734)	(980)
Provision for (recovery of) income taxes	<u>(11)</u>	<u>(6)</u>	<u>1</u>	<u>(24)</u>
Net loss from continuing operations	(439)	(449)	(735)	(956)
Net income from discontinued operations.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>13</u>
Net loss.....	<u>\$ (439)</u>	<u>\$ (449)</u>	<u>\$ (735)</u>	<u>\$ (943)</u>
Net loss per share (basic):				
Continuing operations	\$ (0.06)	\$ (0.06)	\$ (0.10)	\$ (0.12)
Discontinued operations.....	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share.....	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.10)</u>	<u>\$ (0.12)</u>
Weighted average shares outstanding (basic)	<u>7,694</u>	<u>7,675</u>	<u>7,692</u>	<u>7,674</u>
Net loss per share (fully diluted):				
Continuing operations	\$ (0.06)	\$ (0.06)	\$ (0.10)	\$ (0.12)
Discontinued operations.....	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share.....	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.10)</u>	<u>\$ (0.12)</u>