



PRESS RELEASE

24 August 2009

Offshore Hydrocarbon Mapping plc (“the Group”, “the Company” or “OHM”)

Conversion of long term charter liability to equity

Placing of New Ordinary Shares to raise £2.6 million

Trading Update

- Future CSEM vessel charter liabilities of \$45 million exchanged for equity, reducing fixed costs and future working capital requirements.
- \$5 million consideration for vessel charter amendments to be satisfied in equity*
- Placing of New Ordinary Shares to raise £2.6 million (before expenses) from new and existing Shareholders*.
- All New Ordinary Shares to be issued at a price of 21.52 pence, representing a premium of 153.2 per cent. to the closing middle market price on 21 August 2009 (being the last practicable date prior to the issue of this announcement).
- Integrated seismic, CSEM and rock-physics technology to be focussed on appraisal and monitoring in addition to exploration.

* Subject to shareholder approval

The Directors of Offshore Hydrocarbon Mapping plc are very pleased to announce an agreement with Seatrans for the conversion of the day rate contract for the CSEM vessels, OHM Leader and OHM Express, to a “pay as used” and revenue sharing contract for the full period of the charters, and an extension of the charter period from five years to six years. The amendments remove most of the Group’s considerable future financial commitments by approximately \$45 million (the cash value of the future minimum financial commitment reduces from approximately \$53 million to approximately \$8 million over the life of the charters), and significantly reduce the Group’s fixed costs and working capital requirements. In exchange, and in compensation for amending the charter agreements the Group has agreed to pay Seatrans the sum of \$5 million, to be satisfied through the issue to Seatrans of 14,030,171 New Ordinary Shares at a price of 21.52 pence per New Ordinary Share, representing a premium of 13.02p (153.2 per cent.) to the closing middle market price of 8.5p per Ordinary Share on 21 August 2009 (being the last practicable date prior to the issue of this announcement).

In addition, OHM will raise £2.6 million via a Placing of 12,023,572 New Ordinary Shares at a price of 21.52 pence per Placing Share principally for working capital purposes. The Issue Price represents a premium of 13.02p (153.2 per cent.) to the closing mid market price of 8.5p per Ordinary Share on 21 August 2009 (being the last practicable date prior to the issue of this announcement).

Both the Charter Amendment Agreements with Seatrans and the Placing are subject to shareholder approval at the General Meeting to be held at 12.00 p.m. on 9 September 2009.

Trading Update:

The Group’s current financial year ends on 31 August 2009. This period has seen a significant contraction in spending by oil and gas companies driven by a sharp drop in hydrocarbon commodity prices. Revenues for each of the Group’s operating divisions are expected to be as follows:

- Seismic reservoir characterisation revenues from our Rock Solid Images division are estimated to be £3.8 million, representing a 40 per cent. increase over the year to 31 August 2008.
- The newly introduced WISE seismic/CSEM integrated product line will achieve revenues of approximately £1.0 million.
- CSEM acquisition and processing revenues have declined approximately 45 per cent. over the year to 31 August 2008 to £4.4 million for 2009.

In aggregate, the Group's revenues are expected to be approximately £9.2 million for the year to 31 August 2009 compared to £10.8 million for the year to 31 August 2008.

Pre-tax loss for FY09 will be in the £8.6 to £8.8 million range, compared to a £8.7 million loss for the same period last year. We expect an end of year cash-balance of £0.8 million, compared to £8.2 million at 31 August 2008. The figures for FY09 have yet to be audited. Overheads for the Group have declined to an average of £360,000 per month at the end of the year to 31 August 2009 compared to £520,000 per month at the end of the year to 31 August 2008. Both the rate of losses and cash burn have considerably slowed in the second half of the year as the cost restructuring measures announced in February 2009 begin to take effect.

Bid activity for CSEM projects is showing an increase over the same period of last year and order backlog for seismic reservoir characterisation remains strong.

Chief Executive Officer, Richard Cooper, commented on the change in vessel charters, share placement and trading results:

"We are delighted to have reached this new agreement with Seatrans and very pleased with the continuing support they and our major shareholders have shown in our new integrated strategy for OHM. The revisions to our vessel charter agreements put us in the optimum position to address the still volatile CSEM data acquisition market. Going forward we have far greater commercial flexibility to respond to opportunities as they arise.

The benefits of close integration of CSEM data with well and seismic data continue to become increasingly clear to us. To date, the CSEM method has been promoted heavily as an exploration tool, perhaps even a frontier exploration tool. However, we are finding that the CSEM method offers exciting additional opportunities for reservoir appraisal and monitoring applications, where seismic and well data are readily available to help build robust background resistivity models. The availability of these models focuses the method on the determination of the distribution of hydrocarbon charge, for which it is extremely well suited.

We are, therefore, pleased that our WISE integrated seismic and CSEM product line, introduced at the beginning of the year, shows such promising growth and that the essential companion business of seismic inversion and rock-physics (Rock Solid Images) is also performing well, especially in such challenging market conditions. Though disappointed at the drop in demand for CSEM acquisition services, this decline is more or less in-line with the reduction seen in the marine seismic business. We expect to see revenues increase in this area as WISE products demonstrate the high intrinsic value of CSEM measurements and overall market conditions improve.

The CSEM method remains the most important new geophysical tool to have been developed since the introduction of 3D seismic, but the method requires tight integration with well and seismic data to extract maximum value. OHM has the people and technology to deliver on this promise."

A circular to Shareholders will be despatched today and will be available shortly on the Company's website (www.ohmsurveys.com) pursuant to AIM Rule 26.

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The summary above should be read in conjunction with the full text of the following announcement. Defined terms in this announcement have the same meaning as set out in the Company's circular dated 24 August 2009 unless the context otherwise requires.

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This announcement has been issued by, and is the sole responsibility of, OHM. Apart from the responsibilities and liabilities, if any, which may be imposed by FSMA, KBC Peel Hunt nor any of its affiliates, parent undertakings, subsidiary undertakings or subsidiaries of its parent undertakings or any of its respective directors, officers, employees or advisers or any other person accepts any responsibility whatsoever and makes no representation or warranty, express or implied, for or in respect of the contents of this announcement or as to the accuracy or completeness or fairness of the information or opinions contained in this announcement and, without prejudice to the generality of the foregoing, no responsibility or liability is accepted by any of them for any such information or opinions or for any errors or omissions.

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CONVERSION OF LONG TERM CHARTER LIABILITY TO EQUITY AND OPERATING ALLIANCE WITH THE SEATRANS GROUP PLACING OF 12,023,572 NEW ORDINARY SHARES

Introduction

OHM was founded in 2002 to exploit the market for marine CSEM for use in hydrocarbon exploration. Following the acquisition of Rock Solid Images in August 2007, the Group's main business has been to enhance oil and gas exploration and exploitation activities through delivering improved subsurface understanding. This is currently achieved by resistivity mapping, principally using Controlled Source ElectroMagnetic (CSEM) marine surveys, and through advanced analysis of well and surface seismic data. With oil and gas companies facing challenges in replacing produced reserves, the long term opportunity for such technology seems clear.

In 2007 and 2008, the Group entered into five year charters, with the Seatrans Group, of the CSEM vessels OHM Express and OHM Leader. The charters were undertaken in an expectation of an increased uptake of the CSEM surveying services which did not materialise and in fact was compounded by the reduction in exploration activity following the drop in oil prices during 2008. The Group was not alone in experiencing this downturn in CSEM survey activity.

As announced in February 2009, the Board reviewed and carried out a number of actions to cut costs throughout the Group in order to preserve the Group's cash resources whilst retaining the Group's ability to grow in response to greater market demand as and when it arrives.

The Directors believe that the market for marine CSEM will recover over the coming years as the technology matures, successful and compelling case-studies become available demonstrating the high intrinsic value of subsurface based resistivity measurements, and overall market conditions in the upstream E&P market improve.

Given the current level of activity in the CSEM market there has been increasing pressure on the Group's cash position. In order for the Group to continue to be viable and to conserve the Company's existing assets and intellectual property, including key personnel, and to strengthen the Company's cash position for the future, the Directors propose to restructure the Group's vessel charter agreements with ETS (a member of the Seatrans Group) by exchanging most of its fixed cost charter liabilities for the Seatrans Shares to be issued at 21.52p per new Ordinary Share (representing a premium of approximately 153.2 per cent. to the closing middle-market share price on 21 August 2009, being the last practicable date prior to the announcement of the restructuring of the Group's vessel charter agreements). The Directors are also seeking to raise approximately £2.6 million of additional working capital (before expenses) through the Placing at the Placing Price of 21.52p per new Ordinary Share (representing a premium of approximately 153.2 per cent. to the closing middle-market share price on 21 August 2009, being the last practicable date prior to the announcement of the Placing).

The Directors believe that today's proposals are of the utmost importance to the Group's continued survival in its current form. If the Resolutions are not passed or if the Charter Amendment Agreements or the Subscription Agreement do not become unconditional certain parts of the Group would be unlikely to be in a position to meet liabilities as they fall due, forcing the Directors to take radical action, including but not limited to, selling parts of the Group to raise additional capital or considering alternative forms of financing, either of which could lead to considerable loss of value for Shareholders. There can be no guarantee that any such remedial action could, if pursued, be successful and accordingly the Directors strongly urge Shareholders to vote in favour of the proposals.

The Group's Strategy

The Directors believe that market adoption of marine CSEM has been slower than market forecasts because of the significant contraction in spending by oil and gas companies, driven by a sharp drop in hydrocarbon commodity prices. The technology has also been positioned primarily as an exploration tool, though it has a wider application than just exploration and in fact is better suited for use in oil-field appraisal and monitoring. In the Directors' view, the technology assembled within the Group, including marine CSEM acquisition and processing capabilities and advanced seismic inversion and rock-physics tools, provides a considerable competitive advantage in this area.

In order to strengthen the Group's position in the marine CSEM market and for the Group to remain viable, the Directors propose to address the following issues:

- Reduce the liability of the fixed-cost vessel-charter commitments for the OHM Leader and OHM Express which are OHM's dedicated marine CSEM acquisition vessels.

- Increase investment in processing and interpretation products and services.
- Invest in sales and marketing activities directed towards appraisal and monitoring applications for CSEM.

Information on the Seatrans Group

The Seatrans Group, headquartered in Bergen, Norway, is a fully integrated ship owning group with in-house chartering and operations, ship management and crewing. The Seatrans Group operates 29 vessels of which 20 are fully owned, and group turnover in 2008 was NOK 1.564 million (US\$277 million). The Seatrans Group has a shore staff of 160, and employs about 510 shipping personnel from Norway, Poland, Croatia and Romania.

The Seatrans Group is active in the following marine shipping market segments:

Chemicals

Transportation of chemicals in the North Sea, Mediterranean and Trans Atlantic with mainly stainless steel parcel tankers.

Forestry

Transportation of newsprint and paper reels in specialised side port paper carriers.

Offshore

Offshore survey vessels for electromagnetic operations (CSEM).

Liner services

RoRo/container liner service in the North Sea through Sea-Cargo (approximately 60 per cent. owned).

Operating alliance with the Seatrans Group

In order to provide a guaranteed supply of marine acquisition capabilities, OHM chartered two dedicated state-of-the-art CSEM acquisition vessels from ETS, which is the owner of the vessels and part of the Seatrans Group. The OHM Express charter commenced on 4 July 2007 and the OHM Leader charter commenced on 23 June 2008. Both charters are for fixed-cost daily rates and have a duration of five years.

The Directors believe that the market for marine CSEM will stabilise at its current level and then begin to grow over the coming years, driven by:

- Improved understanding as to how to use CSEM for appraisal and monitoring applications which will increase customer confidence in the method and lead to increased demand.
- General improvements in market conditions driven by rising oil prices and a recovery in the world economy.

As announced in February 2009, following constructive negotiations with Seatrans, both charter agreements were amended, in order to substitute a daily fixed-rate agreement with a “pay as you use” arrangement for a period of one year from January 2009 and thereafter reverting back to a daily fixed-rate irrespective of the level of usage. The vessels remain available for CSEM work and OHM and the vessel owner have been working together to seek alternative uses for the vessels during the unused periods. Both parties agreed to revisit the position later in 2009 in the light of the prevailing industry environment. In this regard demand for marine CSEM acquisition services has remained low, and the Directors anticipate it may be a further twelve to eighteen months before the Group’s vessel utilisation rates approach the 50 per cent. level and return this CSEM business to profitability.

Given this, the Group’s subsidiary, OHM Limited, has negotiated the Charter Amendment Agreements with ETS which provide for the following:

1. the charter agreements for both the OHM Express and OHM Leader are modified so that the amendments previously made for calendar year 2009 are extended for the remainder of the charter periods. This removes the fixed day cost financial commitments substituting it for a “pay as you use” arrangement. In its place OHM Limited will pay ETS a sum equal to the actual fuel and port costs it incurs and one half of the balance of the relevant revenues received from all new marine CSEM acquisition work conducted from the vessel and a sum equal to 5 per cent. of all WISE (Well Integration with Seismic and Electromagnetics) derivative product revenues acquired from the vessel;

2. the charter periods are extended for 12 months each under the amended terms; until 4 July 2013 for the OHM Express and 23 June 2014 for the OHM Leader;

3. the investment compensation payable under the charters for the seven month period to 31 July 2009 is deferred until 1 October 2009. This amount, which is approximately £700,000, represents a separate and pre-existing monthly charge (amounting to approximately £100,000 per month in respect of both vessels) to OHM in respect of certain improvements made to the vessels by ETS on OHM's behalf and is payable in quarterly instalments. Such amounts will continue to accrue over the remaining portions of the original charter agreements and are unaffected by the Charter Amendment Agreements.

In exchange, and in compensation for amending the charter agreements thereby removing most of the Group's considerable future fixed financial commitments (reducing the cash value of these future minimum financial commitments from approximately \$53 million to approximately \$8 million over the life of the charters), the Group has agreed to conditionally pay ETS the sum of \$5 million. This liability will be satisfied by OHM allotting and issuing to ETS the Seatrans Shares credited as fully paid on the terms of the Subscription Agreement, such shares to be issued at 21.52p per new Ordinary Share (representing a premium of approximately 153.2 per cent. to the closing middle-market share price on 21 August 2009, being the last practicable date prior to the announcement of the restructuring of the Group's vessel charter agreements).

Further, pursuant to the terms of the Subscription Agreement, ETS has conditionally subscribed for 5,611,786 Placing Shares at the Placing Price as referred to below.

Both the Charter Amendment Agreements and the Subscription Agreement are conditional upon the passing of the Resolutions and Admission.

Under the terms of the Charter Amendment Agreements ETS has the right to terminate the charters on two months' notice save in certain limited circumstances. In the event that ETS were to exercise this right then it would be obliged to transfer by way of gift a proportion of the Seatrans Shares to the Company to cancel or hold as treasury shares or alternatively at ETS' option, pay a proportion of the \$5 million in cash. The proportion has been calculated on a straight line basis over the charter period.

Accounting implications

In issuing ETS with the Seatrans Shares credited as fully paid the Company will be settling the liability due by OHM Limited under the two Charter Amendment Agreements. In accordance with International Accounting Standards the Group will account for a charge in its Income Statement which will be equivalent to the fair value of the Seatrans Shares. The fair value will be calculated by multiplying the number of Seatrans Shares by the closing bid price of those shares on the date that the transaction is completed which will be the date when those shares are admitted to trading on AIM.

Details of the Placing

The Company proposes to raise approximately £2.6 million (before expenses) through the issue of the Placing Shares at the Placing Price. The expenses of the Placing are estimated to be approximately £100,000. The Placing Price represents a premium of approximately 153.2 per cent. to the closing mid-market price of 8.5p per Existing Share on 21 August 2009, being the last dealing day prior to the announcement of the Placing. The Placing Shares will represent approximately 17.32 per cent. of the Company's Enlarged Share Capital.

Pursuant to the terms of the Subscription Agreement, East Hill has agreed to conditionally subscribe for 5,611,786 Placing Shares at the Placing Price, ETS has conditionally agreed to subscribe for 5,611,786 Placing Shares at the Placing Price and CGGVeritas has conditionally agreed to subscribe for 800,000 Placing Shares at the Placing Price. The Subscription Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 18 September 2009 (or such later date as the parties may agree).

ETS's (together with its affiliates), East Hill's (together with its affiliates) and CGGVeritas' respective shareholdings following Admission are expected to be as follows:

Shareholder	Number of Ordinary Shares pre-Admission	% of Existing Share Capital	Number of Ordinary Shares immediately following Admission	% of Enlarged Share Capital
ETS, and its affiliates	350,000	0.8%	19,991,957	28.80%
East Hill, and its affiliates	10,490,573	24.2%	16,102,359	23.19%
CGGVeritas	6,476,266	14.9%	7,276,266	10.48%

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares on AIM will commence at 8.00 a.m. on 14 September 2009.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that share certificates will be dispatched by 21 September 2009.

Conditions to the Placing

The Placing is conditional, *inter alia*, upon:

- all Resolutions being passed at the General Meeting without amendment in any material respect; and
- Admission occurring on or before 18 September 2009 (or such later date as the parties may agree).

Use of Proceeds

The Placing is expected to raise approximately £2.5 million (net of expenses). Of these proceeds it is intended that:

- £0.7 million will be used to pay the deferred investment compensation payable under the charters for the seven month period to 31 July 2009;
- £1.3 million will be used to help finance working capital needs for the Group's marine CSEM acquisition business;
- £0.3 million will be used to invest in improvements in data processing and interpretation technology;
- £0.2 million will be invested in sales and marketing activities directed towards appraisal and monitoring applications for CSEM.

Current Trading and Prospects

Since OHM reported its interim results for the 6 months ended 28 February 2009, it has continued to move forward in developing its business. The Group conducted its first full commercial reservoir appraisal survey using its WISE (Well Integration with Seismic and Electromagnetics) technology in June 2009, which was also the first full use of the OHM Leader. The survey was completed on time, on budget and data are currently being processed in OHM's Aberdeen facility.

The level of bid activity for marine CSEM surveys is higher now than for the same period last year. This fact, coupled with the overall reduction in CSEM industry fleet size, should lead to increased vessel utilisation for OHM and its competitors over the coming months. OHM currently has marine CSEM survey opportunities developing in New Zealand, India, China, Turkey and West Africa.

The Company's wholly owned Rock Solid Images subsidiary continues to perform well and order backlog for seismic reservoir characterisation remains strong. The Group is processing several large seismic inversion projects from the main players in West Africa, such as Kosmos, Vanco and PetroSA and has recently been awarded its first project from the conjugate margin area of Latin America, considered to be an analogue for West Africa and hence potentially highly prospective.

Revenues for each of the Group's operating divisions for the financial year ending on 31 August are expected to be as follows:

- Seismic reservoir characterisation revenues from our Rock Solid Images division are estimated to be £3.8 million, representing a 40 per cent. increase over the year to 31 August 2008.
- The newly introduced WISE seismic/CSEM integrated product line will achieve revenues of approximately £1.0 million.
- CSEM acquisition and processing revenues have declined approximately 45 per cent. over the year to 31 August 2008 to £4.4 million for 2009.

In aggregate, the Group's revenues are expected to be approximately £9.2 million for the year to 31 August 2009 compared to £10.8 million for the year to 31 August 2008.

Pre-tax loss for the year to 31 August 2009 will be in the £8.6 to £8.8 million range, compared to a £8.7 million loss for the same period last year. We expect an end of year cash-balance of £0.8 million, compared to £8.2 million at 31 August 2008. Overheads for the Group have declined to an average of £360,000 per month at the end of the year to 31 August 2009 compared to £520,000 per month at the end of the year to 31 August 2008. Both the rate of losses and cash burn have considerably slowed in the second half of the year as the cost restructuring measures announced in February 2009 began to take effect.

General Meeting

A circular will be dispatched to Shareholders today convening a General Meeting to be held on 9 September 2009 at 12.00 p.m. at the offices of KBC Peel Hunt Ltd at 111 Old Broad Street, London EC2N 1PH, at which the following Resolutions will be proposed:

- Resolution 1 is an ordinary resolution to increase the authorised share capital of the Company to £900,000 consisting of 90,000,000 Ordinary Shares of 1p each. This is necessary to give the Company sufficient authorised but unissued share capital to give effect to the Subscription Agreement and to give the Company some headroom going forward.

- Resolution 2 is an ordinary resolution which will authorise the Directors to allot:

(a) the Seatrans Shares pursuant to the Subscription Agreement;

(b) the Placing Shares in connection with the Placing; and

(c) otherwise to allot relevant securities (as defined in section 80(2) of the Act) of the Company of up to £68,656 in nominal value (representing approximately one third of the authorised but unissued shares in the capital of the Company) immediately following Admission. Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

- Resolution 3 is a special resolution which disapplies Shareholders' statutory pre-emption rights in relation to the issue of the New Ordinary Shares and grants further authority to the Directors to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash on a non-preemptive basis up to an aggregate nominal value of £34,700 (representing approximately 5 per cent. of the Enlarged Share Capital) and in certain other limited circumstances. Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

In accordance with section 95(5) of the Act, the Directors believe that the proposed disapplication of preemption rights as detailed in Resolution 3 will be necessary in order to carry out the allotment and issue of the Seatrans Shares and the Placing and to give the Company the ability to issue a limited number of shares for cash to third parties in the future should that be considered desirable.

Related Party Transactions

An existing substantial shareholder, East Hill, which, together with its affiliates, in aggregate currently hold 10,490,573 Ordinary Shares (representing approximately 24.19 per cent. of the issued share capital of the Company as at today's date), has conditionally subscribed for 5,611,786 Placing Shares at the Placing Price in the Placing and such participation constitutes a related party transaction within the meaning of the AIM Rules. The Directors consider, having consulted with KBC Peel Hunt, the Company's Nominated Adviser, that the terms of East Hill's subscription are fair and reasonable insofar as Shareholders are concerned.

Further, CGGVeritas, which currently holds 6,476,266 Ordinary Shares (representing approximately 14.93 per cent. of the issued share capital of the Company as at today's date), has conditionally subscribed for 800,000 Placing Shares at the Placing Price in the Placing and such participation constitutes a related party transaction within the meaning of the AIM Rules. The Directors consider, having consulted with KBC Peel Hunt, the Company's Nominated Adviser, that the terms of CGGVeritas's subscription are fair and reasonable insofar as Shareholders are concerned.

Recommendation

The Directors are unanimously recommending that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial and connected shareholdings, which amount to 1,687,992 Ordinary Shares representing approximately 3.89 per cent. of the existing issued share capital of the Company. Further, East Hill and parties connected with East Hill have and CGGVeritas have each irrevocably undertaken to vote in favour of the Resolutions in respect of their beneficial shareholdings which amount to 10,490,573 Ordinary Shares and 6,476,266 Ordinary Shares respectively representing in aggregate approximately a further 39.12 per cent. of the existing issued share capital of the Company as at the date of this announcement.