



**Rock Solid Images plc
("Rock Solid Images" "RSI" or "the Company")**

PLACING OF NEW ORDINARY SHARES TO RAISE \$3.1 MILLION, CAPITAL REDUCTION AND NOTICE OF GENERAL MEETING

Rock Solid Images plc (AIM:RSI) is pleased to announce the placing of 47,342,700 new Ordinary Shares ("Placing Shares") at 4p each ("Placing Price") to raise \$3.1 million ("Placing") and intends to make an application to the Court to approve the cancellation of its share premium account ("Capital Reduction").

Background to and reasons for the Placing

Over the past seven months, Rock Solid Images has made great progress in re-engineering the business into a geophysical consultancy that provides clients with significant added value from seismic, well log and electromagnetic data. The added value comes through the Group's leadership in data processing and interpretation techniques together with the development of a very strong data integration platform. The Directors believe that in order to continue the pace of progress in highly focused software development and workflows ahead of an anticipated increase in sales, the Group requires additional working capital and investment funds over the next 12 months of approximately \$2.9 million. This would be provided through the proceeds of the Placing.

The sales pipeline has increased markedly, following the recent increase in the Company's salesforce. Accordingly the Directors anticipate that the Company will become net cash positive from its trading activities in the second quarter of 2012. New funds are therefore required to take the Company through this period and avoid any interruption to this revenue growth and investment flow.

Background to and reasons for the Capital Reduction

After fighting for its very existence in 2010, when the Group experienced difficult trading conditions due to a shortage of new marine CSEM marine survey contracts leading to under utilised charter vessels, and significant losses, the marine CSEM acquisition business was sold in November 2010. The aggregated losses mean that the Company would be very unlikely to have sufficient distributable or realised profits to allow the Board to declare any dividends for a number of years.

Following the disposal of the capital intensive marine CSEM acquisition business, a change at Board level and the change in business focus, the Group has become a specialist interpreter and integrator of geophysical data, specifically seismic, well, CSEM and magnetotelluric data. The Board has decided to take this opportunity to restructure the Company's balance sheet in preparation for a successful future.

The Company intends to make an application to the Court to approve the Capital Reduction on 20 July 2011 provided that Resolution 3 set out in the notice of General Meeting has been passed. The cancellation of the share premium account, if approved by Shareholders and the Court, will create realised profits which will be applied in eliminating the deficit in the retained earnings balance of the Company's balance sheet. The Company intends to use the remainder of the credit arising from the Capital Reduction to pay dividends when authorised to do so by Shareholders.

Details of Placing

The Company proposes to raise approximately £1.9 million (before expenses) through the issue of the Placing Shares. The Placing Price represents a discount of approximately 20 per cent. to the closing mid-market price of 5 pence per Ordinary Share on Wednesday 8 June 2011, being the latest practicable date prior to publication of this document. The Placing Shares will represent approximately 29.95 per cent. of the enlarged share capital.

FoxDavies has entered into the Placing Agreement with the Company whereby it has agreed to use its reasonable endeavours, as agent for the Company, to procure places for the Placing Shares. The Placing is not underwritten.

The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on Tuesday 28 June 2011 (or such later time or date as the Company and FoxDavies may agree, being not later than Monday 11 July 2011). The Placing Agreement contains warranties from the Company in favour of FoxDavies in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify FoxDavies in relation to certain liabilities it may incur in respect of the Placing. FoxDavies has the right to terminate the Placing Agreement in certain circumstances prior to the Admission of the Placing Shares, in particular, in the event of a material breach of the warranties.

Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will occur at 8.00 a.m. on Tuesday 28 June 2011.

Admission is subject to the passing of the Resolutions at the General Meeting and to the Placing Agreement becoming unconditional in all respects (save only for the passing of the Resolutions and Admission) and not being terminated in accordance with its terms.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing shares including the right to receive dividends and other distributions declared following the Placing.

Use of Proceeds

The Placing is expected to raise £1.9 million (equating to approximately \$3.1 million) and the cost of the Placing will be approximately £0.1 million (equating to approximately \$0.16 million). It is expected that the net proceeds will be deployed as follows:

- Approximately \$0.9 million will be used to invest in further improvements in data processing and interpretation technology;
- Approximately \$0.8 million will be used to purchase software upgrades from external suppliers and improve computer hardware capacity;
- Approximately \$0.3 million will be used for sales, marketing and brand development; and
- Approximately \$0.9 million will be used to help finance working capital and day to day needs for the Group's WISE and WSS interpretation businesses.

General Meeting

A circular has today been posted to shareholders which includes a notice convening a General Meeting to be held on Monday 27 June 2011 at 11.00 a.m. at the offices of Fox-Davies Capital Limited, 1 Tudor Street, London EC4Y OAH, at which the Resolutions will be proposed.

The Resolutions to be proposed at the General Meeting are as follows:

Resolution 1 is an ordinary resolution which will authorise the Directors to allot the Placing Shares in connection with the Placing.

Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the annual general meeting of the Company in 2012, whichever is the earlier.

Resolution 2 is a special resolution which disapplies the statutory pre-emption rights in relation to the issue of the Placing Shares.

Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the annual general meeting of the Company in 2012, whichever is the earlier.

In accordance with section 571(5) of the Act, the Directors believe that the proposed disapplication of pre-emption rights as detailed in Resolution 2 will be necessary in order to carry out the allotment and issue of the Placing Shares.

Resolution 3 is a special resolution to authorise the Capital Reduction. The purpose of the Capital Reduction is to create realised profits which will be used to eliminate the deficit in the retained earnings balance of the Company's balance sheet and to create distributable profits from which the Company may pay dividends when authorised to do so by Shareholders.

Action to be taken

A Form of Proxy for use at the General Meeting accompanies the circular. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on Thursday 23 June 2011. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Recommendation

The Directors consider that all the Resolutions are in the best interests of the Company and its Shareholders as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Directors unanimously recommend 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 1,542,992 Ordinary Shares in aggregate representing approximately 1.39 per cent. of the current issued share capital of the Company. Further, Sector Omega and Euro Trans Skips have irrevocably undertaken to vote in favour of the Resolutions in respect of their shareholdings which amount to 66,831,571 Ordinary Shares in aggregate representing approximately 60.37 per cent. of the current issued share capital of the Company. East Hill has also irrevocably undertaken that it shall procure that it and certain of its affiliates and associates who hold or control voting rights over, in aggregate, 18,402,359 Ordinary Shares representing approximately 16.62 per cent. of the existing issued share capital of the Company shall vote in favour of the Resolutions. Accordingly, the Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of 85,233,930 Ordinary Shares in aggregate representing 76.98 per cent. of the existing issued share capital of the Company.

Placing Statistics

Placing Price	4p
Number of existing shares in issue	110,710,256
Number of Placing Shares	47,342,700
Number of Ordinary Shares in issue immediately following Admission	158,052,956
Number of Placing Shares as a percentage of the Enlarged Share Capital	29.95 per cent.
Gross proceeds of the Placing (before expenses)	£1.9m
Proceeds of the Placing (net of expenses)	£1.8m

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy - 11.00 a.m. on Thursday 23 June 2011

Time and date of General Meeting - 11.00 a.m. on Monday 27 June 2011

Admission of the Placing Shares - 8.00 a.m. on Tuesday 28 June 2011

Date for the Court hearing of the application to confirm the Capital Reduction - Wednesday 20 July 2011

Date on which the Capital Reduction is expected to become effective - Thursday 21 July 2011

Rock Solid Images plc

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Bob Auckland – Finance Director

Peter Reilly – Non-executive Chairman

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