



PRESS RELEASE

10 February 2009

Offshore Hydrocarbon Mapping plc ("the Group" or "OHM")

End of Offer Period and Renegotiation of Vessel Charters

The Board of Offshore Hydrocarbon Mapping plc has taken a number of actions to reduce the Group's short-term commitments and at the same time preserve the Group's unique service offerings to clients.

Further to the Preliminary Results statement of 18 December 2008, the Board has examined a full range of options for securing the Group's future. This included responding to a takeover enquiry. However, given the prevailing uncertainties in the oil service business this enquiry, and subsequent competing trade sale discussions, have not crystallised an offer for the Group and all discussions with potential offerors have been terminated. Accordingly OHM is no longer in an offer period for the purposes of the Takeover Code.

Outlook

The Group's main business is 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) surveys, and through advanced analysis of well and surface seismic data in the Group's Rock Solid Images division. With oil and gas companies struggling to replace produced reserves the long term demand for such technology seems clear. However, recent falls in oil and gas prices have adversely impacted on oil and gas company cash flows and there is evidence that spending is being delayed in response to this.

Demand for the Group's technology

Bolstered by successes, most notably in relation to the Jubilee oil discovery in Ghana, demand for Rock Solid Images services is growing and Rock Solid Images has a record backlog. More evidence is entering the public domain of CSEM successes, like the recent Fortuna discovery by Ophir in Equatorial Guinea. However, being at an earlier stage in the technology adoption cycle, CSEM is more vulnerable to cutbacks than more mature technologies in these uncertain times. Nevertheless our market intelligence suggests that oil companies have significant budgets for CSEM in 2009 and show a number of major oil companies planning on adopting the technology commercially for the first time. This is encouraging news but must be viewed in a background of uncertainty where these programs could easily be delayed.

Right sizing for this environment

Given the prevailing uncertainty the Group has carried out a review of its activities and is taking the following actions:

1. Minor cost cutting within Rock Solid Images to ensure that it generates positive cash flows from its existing order backlog.

2. Capital investment in Rock Solid Images focused on generating efficiency improvements and accelerating throughput of data.
3. Renegotiation by the charter parties of the CSEM vessels OHM Express and OHM Leader resulting in a significant reduction in fixed costs of OHM Limited.
4. A number of cost cutting measures within OHM Limited to adjust the scale of this operation to a conservatively forecasted demand level for 2009 while retaining the ability to grow in response to greater market demand as and when it arrives.

Amendments to Vessel Charters

In 2007 and 2008, OHM entered into five year charters of the CSEM vessels OHM Express and OHM Leader respectively. 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 price during 2008.

Following constructive negotiations with the vessel owner, Seatrans, the charter terms are, with immediate effect, to be amended for a year to a “pay as used” model. The vessels remain available for CSEM work and OHM and the vessel owner will work together to seek alternative uses for the vessels during the unused periods. This removes a large element of the Group’s fixed costs for the next twelve months and the parties have agreed to revisit the position in the light of the prevailing industry environment in 2010.

Rationalisation of cost base

In order to size the business for the current and medium term workload, regrettably, approximately 40 positions across the Group will shortly be declared redundant, the majority falling onshore and offshore UK. This is in addition to the 7 positions declared redundant in January. As at 31 December 2008 there were 113 employees globally.

Trading outlook

There remains little visibility on new CSEM survey work. However the recent High Court decision invalidating general method patents over CSEM technology, previously granted by the UK Patent Office to a competitor, has clearly reduced any doubt that may have existed in potential clients’ minds over the possibilities of becoming embroiled in patent disputes over an emerging technology. A number of new dialogues about potential CSEM projects have followed this decision and this bodes well for the future.

Our CSEM data processing arm has a reasonable order book and we are receiving more enquiries about the integrated CSEM and seismic data processing which has resulted from research following the acquisition of Rock Solid Images. A very compelling case study over the Luva discovery in Norway has recently been completed and this is generating significant client interest. The case study can be viewed on the Group’s website at www.ohmsurveys.com.

Dave Pratt, OHM’s Executive Chairman, said;

“The actions we have taken to significantly reduce our fixed costs are intended to stabilise the business and allow us to move forward with our full service offering intact. I, together with my fellow Board members, regret losing highly trained and high quality staff; however, we must right size the business to live within our means.

I am grateful to Seatrans who have proved to be a valuable partner in agreeing a solution to the vessel charters that is both constructive and pragmatic, and which both parties agree to be in their best interests given the prevailing market conditions.

OHM and its shareholders have come through a very difficult six months, I am hopeful that we will now be able to move forward with confidence.”

Richard Cooper, the Group’s President added;

“It is regrettable that current industry uncertainty requires a market-driven rightsizing. However, we retain our full operational capabilities to design, acquire, process and interpret marine CSEM and MT data and we are seeing hard evidence on an almost daily basis of the value that the Group’s technology can deliver to oil and gas explorers and exploiters.

The integration of CSEM and seismic data allows us to make considerably more complete measurements of sub -surface formation properties and we believe this to be an enabling step on the road to delivering quantitative remote measurement of reservoir rock and fluid properties. This in turn will lead to better exploration drilling success and more effective recovery of discovered hydrocarbons. The Group has a significant lead in this area and strong client interest clearly indicated by the growing number of oil companies who are paying participants in our WISE consortium which is forging new developments in this area. “

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