



Science behind the image

## **PRESS RELEASE**

**17 September 2007**

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

### **Trading Update for the year to 31 August 2007**

The following announcement is a trading update for Offshore Hydrocarbon Mapping plc (AIM: OHM) subsequent to its year end on 31 August 2007. Preliminary results will be announced to the market on Monday 19 November 2007.

The year to 31 August 2007 has been highly successful for the Company strategically, operationally and financially.

- Profitability achieved in the second half year
- CSEM now established as a mainstream exploration tool
- OHM Express operational and demonstrating exceptional performance
- Strategic global marketing alliance with CGGVeritas the worlds' largest independent seismic company
- Acquisition of Rock Solid Images to further develop integration of CSEM with multiple data sets
- £24.2 million raised net of expenses in three separate placings
- Growing client base
- Perfectly positioned for managed growth

**Financial:** Sales of OHM's proprietary data acquisition and bespoke data processing services on more extensive CSEM surveys than ever before have contributed to a record annual turnover.

The Company's policy of managed growth is paying off with movement into profit for the second half of the year.

During the year £24.2 million (net of expenses) was raised in three placings at £1.25, £2.40 and £2.75 per share. The funds raised provide the Company with the ability to bring on more crews, commit to expenditure on equipment and take advantage of the opportunities presented by the strategic alliance with CGGVeritas and the acquisition of Rock Solid Images.

Barring unforeseen events and subject to final accounting and auditing, results for the year are expected to be within management's expectations.

**Operational:** OHM Express, which is on a five year charter and is specifically tailored for CSEM operations only came into service in June and has contributed to our improved operational performance. The vessels superior sea-keeping capacity and specialised handling systems have resulted in record production rates and a significantly increased operating envelope. The vessel and crew has already earned an important award from one client for its safety performance.

**Strategic:** In July we announced a strategic alliance with CGGVeritas, the world's largest independent seismic contractor. CGGVeritas also participated in our share placings and now hold a 15% interest in the share capital of the company. Under the strategic alliance both companies will work together to develop the global market for CSEM and to capitalise on seismic and CSEM integration opportunities. For a relatively small company such as OHM, to be able to access the global marketing reach of CGGVeritas presents a huge opportunity.

In August we announced the acquisition of Rock Solid Images, an industry leader in the integration of fundamental rock physics with well data and surface seismic. The future integration of seismic and CSEM is expected to provide valuable information and the expertise and input from Rock Solid Images will enhance that combination into quantitative measurement of important rock and fluid properties such as permeability and hydrocarbon saturation.

**Patent issues:** As previously announced, OHM's competitor, Electromagnetic Geoservices AS ("EMGS"), abandoned patent infringement proceedings against OHM a few days before the formal hearing in March, and paid our costs of defending the action.

Since the year end we are pleased to note that, after exhaustion of the appeal process, the European Patent Office has now finally refused EMGS's widest general method patent application. The patent application laid claim to basic Controlled Source Electromagnetic (CSEM) techniques that were in the public domain before its 1998 priority date.

Although OHM was not a party to those proceedings the Company has always maintained that EMGS' application simply restates fundamental principles central to CSEM surveying which have been known for many years.

Dave Pratt, Chief Executive Officer of Offshore Hydrocarbon Mapping, commented:

"The past twelve months have been momentous for the company, culminating with the important and strategic deals with CGGVeritas and Rock Solid Images which together with our recent fundraisings will allow the company to accelerate its growth.

The move into profitability in the second half is particularly pleasing and significant events have occurred which confirm OHM's views on patents in the CSEM space.

We are already taking bookings for the North Sea and North Atlantic for next summer, and expect shortly to give guidance on the dates of entry into service of our third and fourth crews. Construction of capital equipment and training of personnel for our third crew is well under way. We expect some seasonal reduction in demand in the current half year as we move into the Northern Hemisphere winter and we will spend time transiting our existing crews to more favorable winter markets."

For further information, please contact:

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### **Notes for editors.**

**Controlled Source Electro-Magnetic imaging (CSEM)** is potentially the most important new technology in the field of offshore oil & gas exploration since the advent of 3D seismic some twenty years ago. CSEM is an innovative offshore geophysical technique, employing electromagnetic remote-sensing technology to detect the presence and extent of hydrocarbon accumulations below the seabed.

The CSEM survey uses a dipole source that is towed just above the seafloor to transmit an electromagnetic field into the earth. This field is modified by the presence of subsurface resistive layers and these changes are detected and logged by an array of receivers placed on the seabed. Because hydrocarbon-bearing formations are highly resistive compared with surrounding formations, a CSEM survey can indicate the presence of oil and gas in offshore situations.

CSEM imaging can significantly reduce the risk of drilling dry exploration wells creating considerable value for oil & gas explorers.

The technique was first used offshore Angola in 2000 and has since become a key deepwater exploration tool for the major oil companies. Very high success rates have been quoted by these companies, particularly when the results of a CSEM survey have been integrated with seismic interpretation.

Offshore Hydrocarbon Mapping plc listed on London Stock Exchange (AIM:OHM) in March 2004.