

Regulatory Announcement

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ViaLogy Plc ("ViaLogy" or "the Company") Oil Well Update

London, 29 October. **ViaLogy PLC (AIM: VIY)**, the AiM-listed technology company, announced today that drilling operations on the High Lonesome Ranch Nancy Hundley #1 in McMullen County, Texas by Atascosa Exploration LLC, of San Antonio, Texas, using ViaLogy's Quantum RD technology, were concluded on 26 October, 2008. The well was drilled to a total depth of 6,080 feet.

The QuantumRD analysis located a significant oil reservoir. However, post-drilling analysis indicated small faults in the targeted oil trap. These faults are within the margin of error for 3D seismic visibility. ViaLogy performed its analysis without being provided with this information and, therefore, did not allow for anomalies which could probably have identified the faults. Such faults made the economic extraction of oil unviable, as they reduced a large reservoir to many small reservoirs, significantly increasing the extraction cost per barrel. Accordingly, the well has been plugged by Atascosa. However, the data gained from this well will be important for the siting of future wells.

"Atascosa is not at all discouraged by this development" said Atascosa CEO John Mullins. "The drilling outcome was a result of our not informing ViaLogy of the problem the raw data ultimately caused. The QuantumRD analysis was correct based on available

data. Atascosa has committed to drill at least three separate prospects using QuantumRD and remains committed to that effort, which will be at an additional cost to Atascosa of \$2-3 million dollars. ViaLogy will continue to receive at no cost a 5% Back-In-After-Pay-Out working interest in the first well successfully drilled and completed on each prospect, with the right to participate in subsequent wells under a standard operating agreement."

ViaLogy CEO, Robert Dean, said: "The ViaLogy geoseismic team located a significant oil reservoir as predicted, and we consider this a positive milestone in earning proof of concept for QuantumRD. We are moving ahead with Atascosa within 30 days to begin drilling the next two prospects, which we expect will conclusively validate QuantumRD as a breakthrough oil discovery tool."

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About ViaLogy:

ViaLogy is a leading innovator of network-centric, real-time signal processing platforms for sensor applications. ViaLogy is currently deploying and designing computational systems, powered by its patented technologies, for applications in life sciences, public safety and security, surveillance, defense and geoseismology. Vialogy focuses on market driven problems where automation, timeliness, quality and reliability of information processing are essential. ViaLogy's core competency incorporates rapidly and accurately detecting weak signals buried in high noise background and clutter. This technology can be employed to solve problems involving sensor integration and information overload challenges involving video, telephony and control sensors, as well as for enhancement of numerous signal processing applications. For more information, visit our website at www.vialogy.com.

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