

VIALOGY AND ATASCOSA EXTEND OIL PROJECT; SIGN COMMERCIAL CONTRACT

Friday, January 16, 2009. London, England. Vialogy PLC (LSE: VIY) announces today it has signed a contract with Atascosa Exploration LLC to analyze data from three separate oil prospects in south central Texas, known collectively as the Galba Unit. The analysis will determine size and boundaries of reservoirs, overall porosity maps, and optimal well locations. Using its patented QuantumRD™ processing, that exploits subtle variations in geoseismic noise to overcome limitations in current seismic data processing techniques, Vialogy will provide locations for between 6 to 9 wells at sites the companies estimate will be needed to produce the recoverable oil in place.

The three prospects include both currently producing areas and new, undeveloped areas. According to Atascosa's geological and engineering estimates, these prospects potentially contain over a million barrels of oil recoverable. ViaLogy's responsibilities include overseeing new, high-resolution 3D seismic surveys, an integrated reservoir assessment, and maintaining reservoir models during the project's life cycle. The first well is planned for completion by Q1 2009.

This expanded project replaces a previously announced single pilot well, and will accelerate QuantumRD's proof-of-concept across multiple wells in three different formations, achieving one of the company's key business objectives. In addition, the new technology promises to address a problem faced by the oil industry worldwide – drilling dry holes. In Texas itself, 4 out of 10 exploratory wells, including those drilled with the aid of seismic, fail to find gas or oil in economically producible quantities. Such abortive attempts are costly. According to US Dept. of Energy (DOE) Energy Information Administration (EIA) statistics, the 2006 average cost for drilling an on-shore dry hole in the US was over \$450,000.

Under the Atascosa contract, Vialogy will receive for its drill site analysis an interest in production. Atascosa and Vialogy have agreed on 5% of the working interest (WI) back-in after pay-out (BIAPO) to Vialogy in the first well on each prospect. That is, once all well development costs have been paid out, ViaLogy receives 5% of the working interest revenues going forward minus operating expenses. For subsequent wells on each of the three Galba Unit prospects, ViaLogy will receive a right to participate at cost for 5% of the working interest.

Going forward, the companies have agreed to implement a pricing model for the QuantumRD service based on both a drill site analysis fee and an interest in the prospect. For this contracted project, once drilling is completed, an estimate of the total dollar value of ViaLogy's projected revenues will be possible.

Atascosa CEO, John Mullins, commented, "We have introduced QuantumRD into our critical decision path for determining well location. We believe the unique formation and porosity assessments can deliver revenue growth, and save on production expense. If we prove conclusively that by using the technology we can reduce the number of dry holes, I believe it will have a major impact on the industry."

Vialogy CEO, Robert W. Dean, said: “We are delighted that Atascosa has decided to extend the use of QuantumRD into a broader exploration and production setting that will best show the capability of this technology, provide revenue, and justify a business model that Vialogy can carry forward.”

In anticipation of a successful outcome ViaLogy is making plans to market QuantumRD extensively.

ViaLogy

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About ViaLogy: Network Centric Signal Processing

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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