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Oxford Catalysts Agrees to Acquire Velocys

Innovative firms combine to form leading clean fuels technology company

PLAIN CITY, Ohio, November 3, 2008 – Velocys, Inc. ("Velocys") and Oxford Catalysts Group PLC ("Oxford Catalysts") jointly announce that Oxford Catalysts has agreed to acquire all of the outstanding common stock of Velocys. The two companies have been collaborating since May 2007 and have demonstrated that their respective technologies have a potentially strong natural fit. Velocys is the recognized world-leader in the design and development of microchannel process technology for the production of synthetic fuels and commodity chemicals. Microchannel reactors need catalysts that are significantly more active than those utilized by conventional reactors and Oxford Catalysts' platform catalyst technology provides the increased activity required to unlock the benefits of such microchannel reactors.

Velocys and Oxford Catalysts have been developing technologies for enabling the next generation of clean fuels. Both companies have a portfolio of applications but have focused much of their efforts on improving the Fischer-Tropsch process for producing synthetic fuels. By combining their efforts, the directors of the companies believe that time to market will be accelerated, risk and cost of commercialization reduced, and a critical mass will be achieved for the combined group to become a leading player in the production of clean fuels.

Velocys was formed in 2001 to commercialize microchannel technology developed by Battelle Memorial Institute, (the world's leading independent science and technology organization), at the Pacific Northwest National Laboratory, one of the US Department of Energy's national laboratories.

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Martin Inglis, Executive Vice President and Chief Financial Officer of Battelle was understandably excited about the business combination, stating: "The group formed by combining these two innovative technology companies is well-positioned to become an early commercial winner in the drive for cleaner and more accessible fuels. The combined business will benefit greatly from the increased funding made available through the placing, facilitating the acceleration of key programs and leading to early commercialization. We are delighted to be significant shareholders in this exciting venture, which brings together technologies from two world-renowned institutions – the University of Oxford and Battelle."

Pierre Jungels, Chairman of Oxford Catalysts, commented: "The combination of Oxford Catalysts and Velocys creates a powerful player in the fast emerging market for small scale synthetic fuels production. There is a natural fit between the two companies' technologies which will enable us to meet the strong demand for smaller scale applications of FT, namely from captured flare gas, stranded gas reserves and biomass."

The transaction will require approval by shareholders of Oxford Catalysts at a general meeting of the Company, to be held at 10:00 a.m. on November 19, 2008.

About Velocys

Velocys is the recognized world leader in the design and development of microchannel process technology for the production of synthetic fuels and commodity chemicals. It was formed in 2001 to commercialize microchannel technology developed by Battelle, (the world's leading independent science and technology organization), at PNNL, one of the US Department of Energy's national laboratories. Velocys owns, or has licenses to, the largest microchannel patent portfolio in the world, and has received $160 million of investment from Battelle and industry leading partners, including Dow Chemical, Toyo Engineering and MODEC. For more information, visit www.velocys.com.

About Oxford Catalysts

Oxford Catalysts is developing and commercializing catalysts primarily for use in the production of clean fuels from both fossil fuels and certain renewable resources, such as biogas. These include applications in the hydro-desulphurisation of crude oil fractions, and in the production of synthetic fuels via the Fischer- Tropsch process. In addition, it is aiming to co-develop products incorporating its novel steam production technology for the steam-applications market.

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Oxford Catalysts has developed a high activity fixed bed FT catalyst that can operate at more than 15 times the productivity of conventional catalysts. The catalyst was demonstrated by Velocys for over 3,000 hours in a nominal two gallon per day pilot unit. The performance of the catalyst was better than any other catalyst Velocys had tested, including catalysts provided by other catalyst companies, as well as those developed by Velocys. Oxford Catalysts is headquartered near Oxford, UK. For more information, see www.oxfordcatalysts.com.