

VELO ENERGY INC.

UK Regulator Refuses Consent to Transfer of Offshore Licenses to Velo Energy

Calgary, Canada, January 6, 2010 – Velo Energy Inc. (“Velo” or “the Company”) (TSX-V: VLO) has been advised today that the UK Department of Energy & Climate Change (“DECC”) has refused to consent to the proposed transfer to Velo’s wholly owned subsidiary, North Sea Oil Exploration Ltd., of certain interests in the Caledonia, Sheryl and Catcher (“CSC”) blocks in UK North Sea.

Under UK regulations, DECC must consent to any proposed transfer of interests in licenses. DECC has advised the Company that it has not formed a view on Velo’s financial capacity, but is not satisfied with several aspects of the Company, including its technical capacity and its corporate structure in relation to the specific needs for operating in the UK offshore basin. DECC indicated that it is willing to discuss the reasons for its decision and possible remedies for its concerns with the Company. Meetings with DECC are being arranged by the Company to address these concerns and are expected to occur late this week and/or early next week.

About the Company

Velo’s shares are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol “VLO”.

Forward Looking Statements

All statements included in this press release that address activities, events or developments that Velo expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Velo’s control, including: the impact of general economic conditions in the areas in which Velo operates, civil unrest, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with the oil and gas industry, therefore Velo’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amounts of proceeds, which Velo will derive therefrom. Such statements are based on assumptions made by Velo based on its experience perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances.

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