

VELO ENERGY INC.

Velo Energy Files Amendment to Final Prospectus

Calgary, Canada, January 18, 2010 – Velo Energy Inc. (“Velo” or “the Company”) (TSX-V: VLO) filed with the securities regulatory authorities in each of the provinces of Canada other than Quebec an amendment to its December 14, 2009 final prospectus for the previously announced best efforts offering (the “Offering”) of a minimum of 170,000,000 common shares of the Company (“Common Shares”) to a maximum of 250,000,000 Common Shares. A summary of the amendment is set out below.

On January 5, 2010, the Department of Energy & Climate Change (United Kingdom) (“DECC”) refused to consent to the proposed transfer to the Company’s wholly-owned subsidiary, North Sea Oil Exploration Ltd. (“NSOE”), of certain interests in the Caledonia, Sheryl and Catcher blocks in the UK North Sea (the “CSC Acquisition”).

Under UK regulations, DECC must consent to any transfer of an interest in a petroleum license. DECC has advised the Company that it has not formed a view on the Company’s financial capacity, but is not satisfied with several aspects of the Company, including its internal financial controls, technical and operational management, process for estimating reserves and corporate structure in relation to the specific needs for operating in the UK offshore basin. Specifically, DECC determined, on the basis of available information, that NSOE would not be a suitable candidate to hold a UK petroleum license because of the substantial similarity in management and control between Velo and Oilexco Incorporated. Presumably DECC will have similar concerns in respect of the transfer of another petroleum license, Banks, for which the Company has signed a letter of intent to purchase.

DECC indicated that it is willing to discuss the reasons for its decision and possible remedies for its concerns with the Company. The Company met with DECC on January 7, 2010 and made written submissions on January 8, 2010 in response to DECC’s concerns. The Company disagrees with DECC’s conclusions and pointed out some factual errors in its written submissions. The Company intends to continue to work with DECC to address its concerns and to obtain DECC consent to the transfer of the licenses. However, no assurance can be given that the outcome will be favourable to the Company.

The closing of the CSC Acquisition and the Banks acquisition are conditional on the receipt of DECC consent for the transfer of the applicable licenses. In the event that DECC does not consent to the transfer of licenses to Velo, the CSC Acquisition or the Banks acquisition, as applicable, cannot be completed. Furthermore, the closing of the Offering will be subject to the resolution of all DECC concerns (as set out above), such that consent to the transfer of the licences will not be withheld by DECC (subject to the Company demonstrating requisite financial capacity).

The amendment to the final prospectus can be viewed at www.sedar.com under the company profile for Velo.

About the Company

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

Forward Looking Statements

This press release contains forward-looking statements relating to the Offering and Velo's intended operations, including completion of the CSC Acquisition and Banks acquisition. Those statements are based on Velo's current expectations and assumptions as to a number of factors, including access to capital, regulatory approvals, closing of the acquisitions and general economic and industry conditions. The material assumptions applied were that the Company will be able to issue at least the expected minimum number of its Common Shares at the proposed price per share and when anticipated, that regulatory approvals for the acquisitions will be obtained as anticipated and that the acquisitions will close as agreed in the case of the Caledonia, Sheryl and Catcher properties or as intended in the case of the Banks property. If those expectations and assumptions prove to be incorrect, or factors change, then actual results could differ materially from the forward-looking statements contained in this press release.

Generally, 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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