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Velo Energy Provides Corporate Update

CALGARY, July 28, 2008: Velo Energy Inc. ("Velo" or the "Company") (TSX VENTURE EXCHANGE: VLO) provides the following update on its activities.

Settlement of December 2006 Flow-Through Obligation

Velo's final plan to settle its obligations to subscribers of the December 2006 flow-through issue was described in press releases dated April 1, 2008 and June 11, 2008. Having obtained the conditional approval of the TSX Venture Exchange ("TSX-V"), on July 24, 2008 the Company issued 5,990,554 shares from treasury at a price of \$0.075 per share settling an obligation of \$449,292. These shares are subject to a 4 month hold period in Canada. This "shares for debt" settlement is a very positive development for the Company as it will eliminate a material amount of the working capital deficiency reported at March 31, 2008.

New Joint Venture

Velo has entered into a confidential joint venture and participation agreement (the "Agreement") with a private Alberta company, to jointly participate in a drilling, completion, seismic, recompletion of wells located on certain lands in Southern Alberta. The Company has committed up to a maximum of \$1,000,000 to be expended by the end of 2009 on qualifying Canadian Exploration Expenses or Canadian Development Expenses. Generally, Velo will pay 100% of costs to earn 50% of the private company's working interest in each well. Velo's management team is currently working with the management of the private company to develop a plan for the balance of 2008 and 2009.

Other

The financial restructuring of the Company's wholly owned subsidiary, Velo Energy Ltd. ("Velo Ltd.") was described in press releases dated February 8, 2008 and June 11, 2008. Final payments to creditors of Velo Ltd. have been made and the restructuring completed. As at today's date, Velo Ltd. has been sold to Daran Energy Services Corp., a private Alberta company, for nominal consideration. The sale includes the shares of Velo Ltd. and the debt owing from Velo Ltd. to the Company. Prior to the sale, the officers and directors of Velo Inc. resigned as officers and directors of Velo Ltd. The sale of Velo Ltd. is a very positive development for the Company as it will eliminate a material amount of the working capital deficiency reported at March 31, 2008.

About Velo Energy Inc.

Velo is an emerging oil and gas company engaged in the exploration for, development and production of natural gas and oil in the western sedimentary basin.

Reader Advisory

Certain information set forth in this media release contains forward-looking statements, including statements regarding the private placement. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Velo's control, including the private placement.

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The TSX-V has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.