

# VELO ENERGY INC.

## **Velo Energy Provides North Sea Update**

**Calgary, Canada, February 23, 2010** – Velo Energy Inc. (“Velo” or “the Company”) (TSX-V: VLO) advised today that it has received clarification from the UK Department of Energy and Climate Change that DECC will consider transfers of non-operated license interests in the UK North Sea to Velo. This is a substantial change from the January 5, 2010 letter from DECC in which DECC refused consent to any license transfers. Velo has been approached by a number of recognized UK operators with respect to farm-in and joint venture opportunities and is engaged in discussions with these operators.

Velo has also received a notice of termination of the CSC Agreement under which Velo's wholly owned subsidiary had agreed to purchase interests in the Caledonia, Sheryl and Catcher areas in the UK North Sea. The CSC Agreement had been conditional upon Velo completing its financing on or before January 31, 2010 and other conditions, including DECC consent to the transfers of interests. The Vendor also formally advised Velo that it is prepared to enter into another agreement under which Velo's subsidiary may acquire the interests in the Caledonia and Sheryl (but not Catcher) areas on the same terms. Velo is considering its position on the matter, particularly in light of the recent communication with DECC referenced above.

In light of the re-structured business plan of Velo, William H. Smith (Executive VP and General Counsel) has tendered his resignation. Mr. Smith will continue as non-executive Corporate Secretary.

Velo anticipates that its previously filed prospectus will be amended, re-filed or abandoned to accord with its new business plan

### **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. 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. 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

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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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