

VELO ENERGY INC.

Velo Energy Closes Non-Brokered Private Placement

Calgary, Canada, May 21, 2010 – Velo Energy Inc. (“**Velo**” or “**the Company**”) (TSX-V: **VLO**) has completed its previously announced non-brokered private placement. Velo issued a total of 27,490,315 Units at \$0.30 per Unit for gross proceeds of \$8,247,095. An additional 1,042,841 Units were issued as finders’ fees.

Each Unit consists of one Common Share and one - half of one Common Share Purchase Warrant (“Warrant”). Each whole Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.50 until the date that is 18 months after the closing date. The Units will be subject to resale restrictions and may not be resold until four months and one day after the date of acquisition.

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 may contain forward-looking statements based on Velo’s current expectations and assumptions as to a number of factors, including access to capital, regulatory approvals, intended 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 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.

For Further Information Please Contact:

Mr. Arthur Millholland, President and CEO

Or,

Rob Elgie, Manager of Investor Relations

Phone: 403.262.5441

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