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**Velo Energy Provides Corporate Update**

**CALGARY, August 1, 2008:** Velo Energy Inc. ("Velo" or the "Company") (TSX VENTURE EXCHANGE: VLO) provides the following update on its activities.

**Private Placement**

Today Velo completed the private placement described in the press release dated June 11, 2008. Having obtained the conditional approval of the TSX Venture Exchange ("TSX-V"), Velo issued 30,000,000 common shares at \$0.05 per share in a non-brokered private placement to raise \$1,500,000. The Company has paid finder's fees of \$57,500 (5%) in connection with \$1,150,000 of the financing. The completion of the proposed private placement did not result in the creation of a new control person (as such term is defined in the TSX-V Exchange Policy 1.1). These shares are subject to a 4 month hold period in Canada. The net proceeds of the private placement will be used to pursue new exploration and development opportunities, including the new joint venture described in the press release dated July 28, 2008, and working capital.

**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 new exploration and development opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, they cannot give any assurance that such expectations will prove to be correct. Results of the Company may be affected by a variety of variables and risks associated with oil and gas exploration, production and transportation, such as loss of market, volatility of oil and gas prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, ability to access sufficient debt and equity capital from internal and external sources, ability to replace and expand oil and gas reserves, ability to generate sufficient cash flow from operations to meet its current and future obligations, and risks associated with existing and potential future lawsuits and regulatory actions made against the Company; as a consequence, actual results could differ materially from those anticipated or implied in the forward-looking statements.

The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement and are made as of the date of this news release. Unless otherwise required by applicable securities laws, the Company does not intend nor do they undertake any obligation to update or review any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise, except as may be required by applicable securities laws.

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