

VELO ENERGY INC.

Velo Energy Enters Into Agreements for UK North Sea Properties

Calgary, Canada, October 7, 2009 –Velo Energy Inc. (“Velo” or “the Company”) (TSX-V: VLO) announces that its Board of Directors has approved two acquisitions that will give the Company the following interests in the UK Central North Sea:

- A 100% equity interest in Block 16/26p known as “Caledonia”.
- A 65% equity interest in Block 21/23a known as “Sheryl”.
- A 50% equity interest in Blocks 28/9 and 28/10c known as “Catcher”.
- A 65.17% equity interest in Block 22/15, which includes the Banks Discovery.

Velo’s entrance into the North Sea was made possible by the acquisition of North Sea Oil Ltd., a Canadian based private company, and North Sea Oil Exploration Ltd. (“NSOEL”), a UK based private company. NSOEL recently entered into a Sale and Purchase Agreement (“SPA”) with an arm’s length third party vendor for the Caledonia, Sheryl and Catcher properties, and a Letter of Intent (“LOI”) with a different arms length third party vendor for the Banks property. Management of the Company has direct experience with the Sheryl and Catcher properties as these were assets of Oilexco Incorporated’s wholly owned subsidiary prior to its bankruptcy. A number of Velo’s current senior management had previously been employed as senior management at Oilexco Incorporated.

Mr. Arthur Millholland, President and CEO of Velo, commented: “These acquisitions give Velo a core group of near and mid-term development properties upon which we can build a growing North Sea oil company.”

Under the terms of the SPA, the Company will make an initial payment of US\$12 million, an additional payment of US\$8 million after gross production of one million barrels at Caledonia, and a final payment of US\$5 million after gross production of three million barrels at Caledonia.

Caledonia previously produced 6.02 million barrels of oil from a single well until production was shut-in. In a report dated September 15, 2009 with an effective date of July 31, 2009, Sproule International Limited, independent reserves evaluators, estimated proved and probable reserves in the Caledonia field at 3.68 million barrels of oil and probable reserves of 2.1 million barrels of oil in the Sheryl oil pool (adjusted for a 65% equity interest). Both Caledonia and Sheryl are in the vicinity of third party operated production facilities. Catcher is an exploration property.

The Banks discovery well (22/15-3) encountered porous, deep-water turbidite sandstones in the Paleocene Forties Formation that were hydrocarbon-bearing in a four-way closed structure, and encountered a gross hydrocarbon height of 85 feet in the Forties. The hydrocarbon column had a gas cap of about 20 feet a (GOC at 8,698 feet) overlying a 50 ft oil column of 35° API.

The acquisitions of North Sea Oil Ltd. and NSOEL by Velo are related party transactions within the rules of the TSX Venture Exchange, as Velo's entire senior management team were either registered or beneficial shareholders of North Sea Oil Limited and NSOEL. Mr. Arthur Millholland, CEO and a director of Velo, did not vote on the resolution approving the transaction. The transaction is subject to regulatory approval. Velo will issue one million common shares to the owners of North Sea Oil Ltd. and NSOEL as payment for the acquisitions which will then result in a total of 66,608,888 common shares issued and outstanding. Both private companies will be wholly owned subsidiaries of Velo.

Both the SPA and the LOI are subject to financing and regulatory approvals in Canada and the UK.

About the Company

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

On Behalf of the Board of Directors

Mr. Arthur Millholland, President and CEO

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