

CALGARY, Alberta, June 1, 2011 /PRNewswire/ -- Velvet Energy Ltd. ("Velvet Energy" or the "Company"), a newly formed oil and gas exploration and production company focused on the Western Canadian Sedimentary Basin ("WCSB"), today announced that Warburg Pincus, Trilantic Capital Partners ("Trilantic"), ZAM Ventures, L.P. ("ZAMV"), members of management and select Board members, have agreed to make an investment in the Company.

Velvet Energy Ltd. is led by Ken Woolner, a geological engineer by training, and an entrepreneur with a successful track record in the oil and gas industry spanning over 20 years. The Company plans to utilize advanced drilling and completion technologies to enhance production and returns in established areas of western Alberta.

Commenting on the announcement, Ken Woolner, CEO, Velvet Energy said, "We are delighted to be joined in this venture by Warburg Pincus, Trilantic Capital Partners and ZAM Ventures, L.P., and look forward to benefiting from the deep oil and gas experience these investing partners bring to the table. We are excited by the opportunity to leverage new technologies to enhance returns in mature conventional plays, and revitalize formerly marginal plays, in western and central Alberta."

On behalf of the investors, David Krieger, Managing Director, Warburg Pincus said, "We are pleased to be partnering with this proven management team, and look forward to working with the company as it explores and develops oil and gas resources in the Western Canadian Sedimentary Basin."

CIBC World Markets Inc. acted as financial advisor to Velvet Energy Ltd. with respect to this financing.

FOR FURTHER INFORMATION PLEASE CONTACT:

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