



Velvet Energy Ltd. Announces Formation of New Oil and Gas Exploration and Production Company

Calgary, June 1, 2011: 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.

About Velvet Energy

Velvet Energy Ltd. is an exploration and production start-up focused on oil and liquid-rich natural gas opportunities in west-central Alberta. Velvet Energy Ltd.'s focus will be value creation through utilizing horizontal, multi-stage completion technology, supplemented by strategic acquisitions. The core management team has been together since 1997, successfully starting E&P companies Velvet Exploration Ltd. (formerly TSX: VLV), Lightning Energy Ltd. and Veteran Resources Inc.

About Warburg Pincus

Warburg Pincus has been a leading private equity investor since its foundation in 1966. The firm currently has more than \$30 billion in assets under management. Its active portfolio of more than 125 companies is highly diversified by stage, sector and geography. Warburg Pincus is a growth investor and an experienced partner to management teams seeking to build durable companies with sustainable value. The Firm has raised 13 private equity funds which have invested more than \$35 billion in over 600 companies in more than 30 countries.

Since inception, the firm has provided over \$5.5 billion of equity for companies around the world involved in oil and gas exploration and production, midstream, power generation, oilfield technology and related-services, and alternative energy development. Warburg Pincus has been the lead investor in several dozen energy companies, including: Antero Resources, Bill Barrett Corporation (NYSE: BBG), Black Swan Energy, Canbriam Energy, Encore Acquisition Company, Kosmos Energy (NYSE:KOS), MEG Energy (TSX:MEG), Newfield Exploration (NYSE: NFX), Spinnaker Exploration, and Targa Resources (NADSAQ: NGLS).

The firm is headquartered in New York with offices in Amsterdam, Beijing, Frankfurt, Hong Kong, London, Luxembourg, Mauritius, Mumbai, San Francisco, São Paulo and Shanghai. For more information, please visit www.warburgpincus.com

About Trilantic Capital Partners

Trilantic Capital Partners is a private equity firm focused on control and significant minority investments in North America and Europe and seeks to invest primarily in the energy, consumer, financial services and business services industries. Trilantic was formed in 2009 by the former principals of Lehman Brothers Merchant Banking, where they created a strong heritage of investing in and building successful growth businesses. Trilantic currently manages two institutional private equity funds with an aggregate capital commitment of \$3.8 billion.

The firm and its principals have committed approximately \$1.3 billion across the energy and natural resources sector, with investments in oil and gas exploration and production, midstream, oilfield services, coal mining and mining equipment, and energy merchants. Trilantic and its principals have managed significant investments in leading companies including Antero Resources, Enduring Resources, Pacific Energy Partners, and Peabody Energy, among others.

About ZAM Ventures, L.P.

ZAM Ventures, L.P. is the principal investment vehicle of ZBI Ventures, L.L.C. ("ZBI Ventures"). ZBI Ventures is the energy-focused private equity arm of Ziff Brothers Investments, L.L.C., a multi-billion dollar investment firm, headquartered in Manhattan, that actively invests in a variety of asset classes on a global basis.

FOR FURTHER INFORMATION, PLEASE CONTACT:**Velvet Energy**

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