



## **Velvet Energy Ltd. Announces Incremental \$100 Million Investment**

### ***Equity Commitment to Fund Acquisitions and Growth***

Calgary, Alberta January 29, 2015 -- Velvet Energy Ltd. ("Velvet Energy" or the "Company"), an oil and gas exploration and production company focused on the Western Canadian Sedimentary Basin ("WCSB"), today announced that it has obtained an incremental \$100 million equity line led by its private equity investors Warburg Pincus L.L.C., Trilantic Capital Partners and ZAM Ventures, L.P.

Velvet Energy utilizes advanced drilling and completion technologies to explore for and develop oil and gas assets within established plays in West-Central Alberta, Canada. Velvet is currently producing approximately 14,000 barrels per day equivalent ("boe/d") from its footprint in the Edson area of West-Central Alberta where it is achieving superior field-level economics. This incremental equity line will enable the Company to build on its success to date, through the pursuit of acquisitions and additional growth and corporate development opportunities.

"Velvet Energy is operationally and financially well positioned with a high-quality asset base, strong balance sheet, and three sophisticated and supportive investors, led by Warburg Pincus", commented Ken Woolner, President and Chief Executive Officer, Velvet Energy. "The access to significant capital resources allows Velvet Energy to take advantage of the current market conditions to continue to efficiently grow its production base and its opportunity set".

This commitment follows an initial equity line totalling \$336 million that has been fully deployed by Velvet Energy.

### **About Velvet Energy**

Velvet Energy is a privately-held oil and gas exploration and production company with corporate headquarters in Calgary, Alberta and operations headquartered in Edson, Alberta. From start-up in 2011, Velvet Energy has successfully pursued a counter-cyclical business plan with a primary emphasis towards sweet liquids-rich natural gas. The Company has constructed a focused land position consisting of 412,000 net acres in the Edson area of Alberta, in order to achieve long term sustainable growth through the drill bit, and is currently targeting medium term (18 month) production of 20,000 boe/d.

For more information, visit [www.velvetenergy.net](http://www.velvetenergy.net) or contact Velvet Energy at [info@velvetenergy.net](mailto:info@velvetenergy.net) or at (403) 781-9125.

### **About Warburg Pincus L.L.C.**

Warburg Pincus L.L.C. is a leading global private equity firm focused on growth investing. The firm has more than \$37 billion in assets under management. The firm's active portfolio of more than 120 companies is highly diversified by stage, sector and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 14 private equity funds, including a \$4 billion energy fund that closed in October 2014, which have invested more than \$50 billion in over 720 companies in more than 35 countries.

For more than two decades, Warburg Pincus has invested or committed over \$9.5 billion across more than 50 energy investments around the world involved in oil and gas exploration and production, midstream, power generation, oilfield technology and related-services, mining and alternative energy development. Notable investments include Antero Resources (NYSE: AR), Bill Barrett Corporation (NYSE: BBG), Broad Oak Energy, Encore Acquisition Company, Kosmos Energy (NYSE: KOS), Laredo Petroleum (NYSE: LPI), MEG Energy (TSX: MEG), Newfield Exploration (NYSE: NFX), Spinnaker Exploration and Targa Resources (NYSE: TRGP, NGLS).

The firm is headquartered in New York with offices in Amsterdam, Beijing, Frankfurt, Hong Kong, London, Luxembourg, Mumbai, Mauritius, San Francisco, São Paulo and Shanghai. For more information please visit [www.warburgpincus.com](http://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, with a primary investment focus in North America in the business services, consumer, energy and financial services sectors. Trilantic manages six institutional private equity funds with aggregate capital commitments of more than \$7.0 billion. To date, Trilantic has committed more than \$2.5 billion to the energy sector across twenty platform investments. For more information visit [www.trilantic.com](http://www.trilantic.com).

### **About ZAM Ventures, L.P.**

ZAM Ventures, L.P. is one of the main investment vehicles for Ziff Brothers Investments, L.L.C., a multi-billion dollar family investment firm, headquartered in Manhattan, New York that invests in a variety of global asset classes. ZAM Ventures, L.P. focuses on energy-related private equity projects.

## Contact Information

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## Advisories

*This press release may contain forward-looking information and statements relating to the Company's plans and other aspects of its anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about the Company's targeted production, plans to pursue acquisition and other development opportunities and the Company's plans to achieve long term sustainable growth through the drill bit. Actual results may differ materially due to a variety of important factors. Among other items, such factors might include: planned and unplanned capital expenditures; changes in general economic conditions; uncertainties in reserve, resource and production estimates; unanticipated recovery or production problems; weather-related interference with business operations; the effects of delays in completion of, or shut-ins of, natural gas and liquids gathering systems, pipelines and processing facilities; potential costs associated with complying with new or modified regulations; oil and natural gas prices and competition; the impact of derivative positions; production expense estimates; cash flow and cash flow estimates; drilling and operating risks; the Company's ability to replace oil and gas reserves; volatility in the financial and credit markets or in oil and natural gas prices; effects of regulation by governmental agencies including changes in environmental regulations, tax laws and royalties. Except as required by law, the Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change. Do not place undue reliance on forward-looking information.*

*"Boe" means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6: 1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*