



north peace energy

TSX-V: NPE

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North Peace Energy Announces Closing of Strategic Acquisition and Bought Deal Equity Financing

Calgary, Alberta, June 28, 2007 – North Peace Energy Corp. ("**North Peace**" or the "**Corporation**") is pleased to announce that it has completed its previously announced acquisition of the remaining 30 percent ownership in its land holdings in the Red Earth area of northern Alberta (the "**Acquisition**") and a \$20 million bought deal equity financing (the "**Financing**").

Upon closing of the Acquisition, North Peace secured the interest owned by their previous joint venture partner at an accretive level to North Peace shareholders, paying \$20 million for 30 percent of 2.0 to 3.1 billion barrels of discovered resource. Going forward, North Peace will have the advantage of controlling 100 percent of the asset. Total consideration for the acquisition was \$20 million, consisting of \$15 million in cash (inclusive of a \$4.5 million deposit) and \$5 million (less adjustments) in common shares of North Peace 2,270,430 common shares at a deemed price of \$2.20 per share).

The Financing raised total gross proceeds of \$20,000,001 through a syndicate of investment dealers led by GMP Securities L.P. and including Blackmont Capital Inc., Raymond James Ltd. and Canaccord Adams Inc. GMP Securities L.P. also acted as financial advisor to North Peace in connection with the Acquisition.

Under the terms of the Financing, North Peace issued 9,523,810 subscription receipts for common shares of the Corporation at an issue price of \$2.10 per subscription receipt. The effective date for the exchange of subscription receipts for common shares is June 28, 2007. No payment or further action is required by holders of the subscription receipts to effect the exchange. The Corporation's transfer agent will issue the common shares on or before July 4, 2007.

In accordance with applicable securities legislation and stock exchange policies, the common shares issued on conversion of the subscription receipts and received as consideration for a portion of the payment of the Acquisition will be subject to a four-month hold period from the date of closing of the Financing. The net proceeds of the Financing were used to finance the Acquisition and will also be used for the Corporation's exploration program.

Following the closing of these transactions the Corporation has 38,050,640 common shares outstanding.

Discovered Resources, in accordance with Canadian Oil and Gas Evaluation Handbook ("**COGEH**"), those quantities of oil and gas estimated on a given date to be remaining in, plus those quantities already produced from, known accumulations. Discovered resources are divided into economic and uneconomic categories, with the estimated future recoverable portion classified as reserves and contingent resources, respectively. No proved or probable reserves have been assigned to the lands at this time because the bitumen has not been shown to be economically recoverable. As North Peace is in the early stages of the project, the resources have not yet been shown to be recoverable or unrecoverable, thus, they have been classified as discovered resources and reported as in-place volumes. There is no certainty that it will be economically viable or technically feasible to produce any portion of the reported discovered resources.

Forward-Looking Statements: Certain statements contained in this release constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this release should not be unduly relied upon. Actual results could differ materially as a result of changes in North Peace's plans, changes in commodity prices, regulatory changes, general economic, market and business conditions as well as production, development and operating performance and other risks associated with oil and gas operations including anticipated success of resource prospects and the expected characteristics of resource prospects; anticipated capital

requirements, project rates of return and estimated project life; estimates of original discovered resource; estimates of recovery factors; lack of diversification; and overall technical and economic feasibility of the Company's project. These statements speak only as of the date of this release or as of the date specified in the documents accompanying this release, as the case may be.

The Company undertakes no obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities laws.

About North Peace

North Peace is an early stage oil sands company with land and assets bridging the Athabasca and Peace River oil sands areas of northern Alberta.

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This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities offered have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable states securities laws.

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