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North Peace Receives ERCB Approval for CSS Pilot and Announces Private Placement Financing

Calgary, Alberta, June 5th, 2008 North Peace Energy Corp. ("North Peace" or the "Company") today received approval for a thermal bitumen recovery scheme under the Oil Sands Conservation Act from the Energy Resources Conservation Board ("ERCB") for its two well, Cyclic Steam Stimulation ("CSS") pilot on Block B South of its Red Earth property.

The principal objective of the CSS pilot is to demonstrate the feasibility of producing economic quantities of bitumen from the Company's resource and to validate economic and technical parameters for the design of the commercial project. Detailed engineering for the pilot is nearing completion and procurement of major equipment is underway. Drilling of the two horizontal wells and construction of pilot facilities will commence within the next two months, with first steam injection expected to occur in November 2008. Initial production response should occur approximately two months following steam injection and is expected either late in 2008 or in early 2009.

North Peace has entered into an agreement to sell, on a private placement basis, up to approximately \$25 million of common shares at a price to be determined in the context of the market. The commercially reasonable "best efforts" private placement, which is subject to regulatory approval, will be sold through a syndicate of agents led by GMP Securities L.P.

The majority of the proceeds from the offering will be used by the Company to fully fund all costs associated with the CSS pilot project including the acquisition of capital equipment, construction costs and the drilling of two horizontal CSS wells. The remaining funds will be used to: (i) complete the 2008/2009 eight well winter delineation drilling program, (ii) to advance environment and engineering baseline work for the commercial project and (iii) for general corporate purposes.

Forward-Looking Statements: Certain statements contained in this news 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 Energy has an in situ oil sands project in northern Alberta with 86,400 acres of nearly contiguous leases bridging the Peace River and Athabasca oil sands areas.

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For further information, please contact:

Louis Dufresne, President and CEO
James Glessing, Vice President, Finance & CFO
North Peace Energy Corp.
470, 505 – 3rd Street SW
Calgary, Alberta T2P 3E6
Telephone (403) 262-6024
Facsimile: (403) 262-6072
E-mail: info@northpec.com
www.northpec.com