



North Peace Provides Pilot Project Update

Calgary, Alberta, October 27, 2008 North Peace Energy Corp. ("North Peace" or the "Company") is pleased to confirm that construction of its Red Earth Cyclic Steam Stimulation ("CSS") pilot plant is advancing as planned. Recent pictures of the construction progress are available on the Company's website. www.northpec.com/operations/photo_gallery.html

North Peace anticipates steam injection will begin with the L2 horizontal well during December 2008. After completion of the steam injection cycle in the L2 well, steam injection into the L1 horizontal well will commence. The individual steam injection cycles are expected to last six to eight weeks. Initial production response will commence following steam injection and each well is expected to produce for approximately six to nine months. The steaming and production cycles will then be repeated.

The Company will be evaluating steam stimulation and production performance data throughout the steam injection and production cycles of both wells. The Company will utilize this data in evaluating the feasibility of a commercial project. In the second half of 2009, assuming technical conclusions and industry conditions support an economic project, the Company expects to submit an application to the Energy Resources Conservation Board ("ERCB") for the first 10,000 bbl/d phase of its targeted 30,000 bbl/d commercial project.

An updated corporate presentation is available at:

www.northpec.com/documents/presentations/NPE-2008-Q4-corporatepresentation.pdf

About North Peace

North Peace has an early stage in-situ oil sands play in northern Alberta with an estimated 2 to 3.1 billion barrels of Discovered Petroleum Initially-In-Place. The Company has a 100% working interest in 86,400 acres of Crown oil sands leases at Red Earth Creek in the Peace River area. The lands have the benefit of over 300 legacy logs and are surrounded by accessible oil and gas production infrastructure. The target Bluesky zone is a regional sand, deposited in a near shore marine environment at approximately 400 metres depth. The initial focus area at Red Earth Creek has 24 contiguous land sections with 10 to 16 metres of oil bearing thickness, sufficient to advance a 30,000 bbl/d commercial project. North Peace is currently advancing the development of its resource using a robust and proven in-situ thermal recovery process, Cyclic Steam Stimulation ("CSS").

Discovered Petroleum Initially-In-Place

Discovered Petroleum Initially-In-Place (equivalent to Discovered Resources) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of Discovered Petroleum Initially-In-Place includes production, reserves, and contingent resources. There is no certainty that the Discovered Petroleum Initially-In-Place will ever be produced.

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.

In particular, this news release contains forward-looking statements pertaining, directly or indirectly, to the following: business and operations strategies including the completion of North Peace's pilot project and potential commencement of a subsequent commercial project.

The forward-looking statements contained in this news release are based on a number of expectations and assumptions that may prove to be incorrect. In addition to other assumptions identified in this news release, assumptions have been made regarding, among other things: that North Peace will continue to conduct its operations in a manner consistent with past operations; the continuance of existing (and in certain circumstances, proposed) tax and royalty regimes; the general continuance of current industry conditions; the accuracy of the estimates of North Peace's resource volumes; the ability of North Peace to obtain equipment, services and supplies in a timely manner and within budget to carry out its activities; the timely receipt of required regulatory approvals; the ability of North Peace to obtain financing on acceptable terms; future oil and gas prices and future cost assumptions.

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.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this news release.

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