



### North Peace Commences Steam Injection at its Pilot Project

**Calgary, Alberta, January 27, 2009**, North Peace Energy Corp. ("North Peace" or the "Company") is pleased to announce that steam injection has commenced on the L1 horizontal well at its Red Earth Cyclic Steam Stimulation ("CSS") pilot project.

The steam injection phase is expected to last 6 to 8 weeks after which the well will be put on production for 6 to 9 months. After the production period, the steam injection will be repeated and followed by another production period. As well, following the steam injection of the L1 well, steam injection will commence on the L2 well followed by its production cycle.

Total pilot costs are expected to be approximately \$14.8 million compared to the third quarter estimate of \$13.1 million, the 13% increase is due to a longer than expected construction period. As a result of the increased costs and current market conditions, the Company has deferred the planned winter delineation program. A revised delineation plan will be finalized, in the context of general market conditions, during the second half of 2009.

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 to optimize the design of the proposed commercial project.

**Louis Dufresne, President of North Peace**, commented "First steam is an exciting and significant milestone for the Company. With first production expected in the spring, we will have successfully reached the next stage of development of our resource. North Peace is now one of the only emerging oilsands companies currently operating a pilot project."

Pictures of first steam at the pilot project are available on the Company's website:

[http://www.northpec.com/operations/photo\\_gallery.html](http://www.northpec.com/operations/photo_gallery.html)

A revised corporate presentation is available at:

[http://www.northpec.com/investor/event\\_presentations.html](http://www.northpec.com/investor/event_presentations.html)

### 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. The Company has no debt.

### 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; improvements in the current state of the capital markets; improvements in project economics which include, among other items, future oil prices, gas costs and capital 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.

**For further information, please contact:**

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