



TSX-V: NPE

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North Peace Announces Proposed Private Placement for Proceeds of up to \$5 Million for Deployment of Top Down Steam Drive Process

Calgary, Alberta, June 22, 2010 – North Peace Energy Corp. ("North Peace" or the "Company") is pleased to announce that it intends to complete a non-brokered private placement of up to 25,000,000 units ("Units") at a price of Cdn\$0.20 per Unit for gross proceeds to North Peace of up to \$5 million as part of its ongoing strategic alternatives review process. Proceeds from the private placement will be used to implement the first stage of North Peace's Top Down Steam Drive plans at its existing pilot facility on its Peace River oil sands area asset at Red Earth, Alberta.

Proposed Private Placement

Each Unit will consist of one common share and one half of one common share purchase warrant ("Warrant") of the Company. Each whole Warrant will entitle the holder to acquire one common share of the Company at a price of \$0.30 per share for a period of 12 months from the closing date of the offering.

In connection with the private placement the Company may pay a cash commission of up to 6% of the aggregate gross proceeds raised from subscriptions for Units to eligible dealers upon closing of the private placement. In addition, the Company will issue warrants ("Compensation Warrants") to purchase such number of common shares that is equal to 6% of the Units purchased under the offering. Each whole Compensation Warrant will be exercisable into one common share at an exercise price of \$0.20 per share for a period of 12 months from the closing date of the offering.

Completion of the private placement is subject to the satisfaction of certain conditions including the receipt of all necessary regulatory approvals, including those of the TSX Venture Exchange. There can be no assurance that the private placement will be completed or that, if completed, it will be on the terms currently contemplated. The securities issued pursuant to the offering will be subject to a four-month hold period from the date of closing under applicable Canadian securities laws.

The Company intends to use the net proceeds from the private placement to develop and implement its Top Down Steam Drive process on its existing wells, as further described below, and for working capital purposes.

Strategic Alternatives Review

North Peace is continuing with its previously announced process to explore strategic alternatives for enhancing shareholder value, which may include, but are not limited to, a corporate sale, merger or other business combination, joint venturing with an interested party, a major financing or any other combination that will result in unlocking additional value for shareholders. North Peace does not intend to disclose developments with respect to the strategic review process unless and until its Board of Directors has approved a definitive transaction or strategic option. There can be no assurance that any transaction will occur, or if a transaction is undertaken, as to its terms or timing. Any announcements regarding the strategic alternatives review will be disclosed in accordance with applicable legal and regulatory requirements.

Operations Update

- End of Cycle 2 results on L1:
 - Steam Oil Ratio (SOR) 3.9 (SAGD equivalent SOR of 3.3 when adjusted for heat content of injected steam). This compares favourably to current industry average SOR of 3.7 for existing SAGD projects in commercial operations.
 - Average production rates: 25 bbl/d over a period of 32 weeks, which includes both steam and production time.
- Next Steps
 - Preparations to initiate Cycle 3 on L1 are currently underway. Preparations are also taking place to perform a steam circulation test on L2.

Top Down Steam Drive

A graphic illustration of the first phase of the Top Down Steam Drive process can be viewed on our website at:

<http://www.northpec.com/documents/miscellaneous/NPE-TopDownSteamDriveGraphic2010-06-21.pdf>

With the benefit of a commercial SOR having been established on the Company's resource using Cyclic Steam Stimulation (CSS), a well known, in-situ production method as a base, the next step towards demonstrating commerciality is establishing higher and continuous bitumen production rates. This can be achieved by increasing steam injection while maintaining an attractive SOR.

The Company believes that an improvement in the geometry and control of steam injection into the reservoir will lead to higher, more stable bitumen production rates. By converting two of our observation wells to steam injectors and augmenting their steam injection capability with the addition of 2,400 metres of radial legs, substantial improvements in steam injectivity should occur compared to the injectivity achieved to date on the current 630m long L1 horizontal well.

The Top Down Steam Drive process consists of injecting high pressure steam in the upper and mid portions of the reservoir, improving the steam distribution within it by diffusing steam with the use of the radial legs. The heated bitumen would then be produced from a lower pressure horizontal well located in the lower part of the reservoir, thus making use of both pressure drive and gravity to support oil production. Post start-up, the Top Down Steam Drive process would become a continuous process with certain operational attributes similar to those of Steam Assisted Gravity Drainage ("SAGD").

Specifically, the Company's two existing vertical observation wells, 1-35 and 8-35, located adjacent to the existing L1 horizontal producer, will be modified as steam injectors with the addition on each vertical well of 12 radial legs approximately 100 meters long each. The 12 radial legs will be located at two separate elevations (six at each level) above the L1 producer. A temporary 3" steam line, approximately 700m in length, will be required to tie-in the existing pilot facility with the vertical injectors. The ramp-up to production will be initiated in cyclic mode and transitioned to the continuous Top Down Steam Drive process once satisfactory production rates are achieved.

RadCan, the service provider who will perform the radial jetting operations, has successfully provided radial legs to significant operators such as Husky Energy and Canadian Natural Resources in western Canada for primary production applications. Most relevant to North Peace, Lukoil and others in Russia have been using radials jetted by a RadCan affiliate in CSS applications to increase steam injectivity in addition to primary productions applications since 2006.

An application to proceed with the Top Down Steam Drive process was submitted to the ERCB in March 2010 and is progressing as anticipated.

Updated Corporate Presentation

Available on the Company's website at:

http://www.northpec.com/investor/event_presentations.html

Louis Dufresne, President of North Peace, commented: "We have reached a significant milestone by establishing a commercial steam oil ratio this early in our piloting efforts. Our current focus is to demonstrate stabilized commercial production rates. This in turn would permit us to commercialize and fill our pilot facilities by adding steam injectors and two new horizontal wells to bound the existing L1 horizontal well."

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.

About North Peace

North Peace has an early stage in-situ thermal oil sands play in northern Alberta. The Company has a 100% working interest in 86,400 acres of Crown oil sands leases in the Peace River area plus interests in other non-core areas. The oil sands leases have the benefit of over 300 legacy wells and are surrounded by accessible oil and natural gas production infrastructure. The target Bluesky zone is a regional sand, deposited in a near shore marine environment at approximately 400 metres in depth. Management estimates the initial area of focus has approximately 22 sections with 10 to 16 metres of oil-bearing thickness, technically sufficient to advance a 10,000 bbl/d commercial project with ultimate potential of 30,000 bbl/d. North Peace is currently advancing the development of its resource using in-situ thermal recovery processes. The Company is currently operating a two well Cyclic Steam Stimulation ("CSS") pilot on its lands, which has been on production since May 2009.

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. The forward-looking statements contained in this news release are based on a number of expectations and assumptions that may prove to be incorrect. 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. Information and statements in this news release relating to "reserves or resources" are deemed to be forward looking information and statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. In particular, this news release contains forward-looking statements pertaining, directly or indirectly, to the following: risks associated with reasonable commercial efforts financing activities, including the ability to raise sufficient funds as well as receipt of all required regulatory and other approvals as well as securities and other market conditions and economic factors, business and operations strategies including the operations at North Peace's pilot project and potential commencement of a subsequent commercial project and the application of the Top Down Steam Drive process to North Peace's project. Actual results could differ materially as a result of North Peace's inability to raise sufficient funds, non- receipt of required regulatory and other approvals including for the proposed private placement and for the implementation of the Top Down Steam Drive process, securities and other market conditions and economic factors, the substantial capital requirements of the Company's project, 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 uncertainties inherent bitumen recovery processes such as CSS, SAGD and the Top Down Steam Drive process, anticipated success of resource prospects and the expected characteristics of resource

prospects; uncertainties inherent in estimating quantities of reserves and resources; 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. There can be no assurance that the Top Down Steam Drive process can be successfully applied to the Company's project or that it will achieve the necessary increases in steam injectivity or production rates. Certain of the risks and uncertainties referred to above are described in more detail in the Company's Annual Information Form for the year ended December 31, 2009, which is available on the SEDAR website at www.sedar.com. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as the term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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