



North Peace Announces Operations Update and Filing of First Quarter Financial Results

Calgary, Alberta, May 26, 2010 – North Peace Energy Corp. (“North Peace” or the “Company”) announces operations update and filing of first quarter financial results.

Operations Update

Production continues on the second cycle of the L1 well at the Red Earth Pilot. The cycle’s steam-to-oil Ratio (“SOR”), which continues to decrease as production is maintained, is now approximately 4.1 representing a 50% improvement over the initial cycle. For comparison purposes, our SOR when adjusted for heat content of injected steam equates to a Steam Assisted Gravity Drainage (“SAGD”) SOR of 3.5. This SOR compares favorably with the current industry average SOR of 3.7 for existing SAGD projects in commercial operations. The production rate to date for the cycle is 25 bbl/d over a period of 30 weeks which includes both steam injection time and production time.

The L2 well remains shut-in for a pump change and preparations are underway for conversion to a steam circulation test.

First Quarter Financial Results

The Company's financial statements, notes to the financial statements, management's discussion and analysis are available on the Company’s website (www.northpec.com/investor/financial_reports.html) and have been filed on SEDAR (www.sedar.com).

First Quarter Highlights

- Working capital of \$3.5 million and no debt as at March 31, 2010
 - Current working capital of approximately \$ 3.1 million
- Capital expenditures of \$860,000 during the quarter, focused on the completion of drilling programs initiated in the fourth quarter of 2009
- Oil sales of \$208,387 from the Red Earth pilot and \$91,473 from the conventional assets
- Announced a review of strategic alternatives for the Company which is currently underway
- Sold a portion of the Company’s drilling royalty credits, which were earned as part of the conventional exploration program for \$450,000

Updated Corporate Presentation

Available on the Company’s website at:

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

Annual Meeting

The Company’s Annual General Meeting of Shareholders is scheduled for 10:00 AM on Thursday May 27, 2010 in Cardium Room at the Petroleum Club, 319 - 5 Avenue SW, Calgary, AB.

About North Peace

North Peace has an early stage in-situ 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 Cyclic Steam Stimulation ("CSS"), a robust and proven in-situ thermal recovery process. The Company is currently operating a two well CSS pilot on its lands.

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. 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: business and operations strategies including the operations at North Peace's pilot project and potential commencement of a subsequent commercial project. 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; 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. 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.

The TSX Venture Exchange has neither approved nor disapproved the contents of this press release.

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