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COMPLIANCE PROGRESSES ON THREE MAIN PROJECTS

Vancouver, B.C., May 25, 2006 - Compliance Energy Corporation (the "Company") announces that over the past few months significant progress has been made on the Company's three main projects: the Raven Metallurgical Coal Deposit on Vancouver Island; the Princeton Power Project; and the Basin Coal Mine.

Raven Metallurgical Coal Deposit

The Raven Metallurgical Coal Deposit is located on Vancouver Island, British Columbia in close proximity to transportation and power infrastructure, and tidewater. The property hosts a 38.5 million tonne resource in two main seams as reported by Gardner Exploration Consultants Ltd. in their technical report dated July 2001. Drilling from 1975 to date on the property includes 73 holes totaling 13,500 meters of drilling. In addition, 13.6 kilometers of seismic surveys were completed in 1996. Historical production from a portion of the property totaled 2 million tons of coking coal during the period 1949 to 1966.

The Raven deposit forms the primary target for a \$2.1 million exploration program which will consist of development drilling and geological seismic surveys to confirm coal continuity and structure. The exploration permit has now been received from the Province of British Columbia, Ministry of Energy, Mines & Petroleum Resources and agreements have been reached with the surface rights owner for access for the program. In the past month, ten coal surface showings have been discovered and geologically mapped. In addition, many old drill hole locations have been mapped, and two existing adits have been identified and located. One adit has an exposed coal face of over 3.5 meters and construction of access to this adit has been completed. As part of the 2006 exploration program, a bulk sample will be mined from each adit. Washability and coal quality tests will be completed on each sample at a well recognized North American laboratory to confirm coal marketability. Devrial Contracting has been engaged as the underground contractor and their personnel have visited the site and begun planning to extract the bulk samples.

Clearing of access for seismic lines and drill pads has also begun. A drilling contractor has been selected and will mobilize once the drill pads have been constructed. The field work component of the 2006 exploration program is expected to be completed by the end of August 2006. A geological evaluation and a preliminary feasibility study will be completed by year end. The goal of the 2006 exploration program is to increase the size of the resource and demonstrate the potential for a 1.0 million tonne per year mining operation.

Princeton Power Project

The Company's net 49 MW Princeton Power Project, which will utilize wood waste from the forestry industry and coal from the Company's Basin Coal Mine, will be located near Princeton, BC. The selected site has extensive infrastructure including; one large building that could be modified to house the boiler, steam turbine and generator; a 138 KV power line that extends onto the site that will significantly reduce interconnection costs; and the water supply facilities necessary for the development. The British Columbia

Transmission Corporation has confirmed that no major upgrade work is required to the existing 138KV power line to support the project.

Over the last few months Compliance successfully negotiated a Cooperative Working Agreement with the Upper Similkameen Indian Band (“USIB”), whereby the USIB will purchase a 10% equity interest in the project, with an option to increase that interest to 15% under certain conditions. Northland Power has withdrawn from the project thus allowing Compliance to retain the remaining 90% for shareholders.

Sandwell Engineering completed the preliminary engineering for the project in March, 2006 and on April 7, 2006 the Company submitted a bid into the F2006 BC Hydro Open Call for Power and expects to be awarded a contract by the end of the summer as per the schedule posted by BC Hydro.

Basin Coal Mine

The Basin Coal Mine is located 30 kilometers northwest of Princeton, BC. Over the past few months the Company has continued to develop the initial open pit which is 1.5 km long and is located on the western flank of the basin. Up until March of this year the Company focused on waste rock removal uncovering approximately 100,000 tonnes of in-situ coal reserves. The wash plant, which has been shut down for planned winter maintenance, recommenced operations in late April and deliveries to customers were reinitiated.

Compliance is a Canadian mining company that has significant metallurgical and thermal coal interest on Vancouver Island, is advancing a proposed net 49 MW Princeton Power Project that will be fueled by wood waste and coal; and operates the Basin Coal Mine near Princeton, BC. Compliance Energy Corporation’s shares trade on the TSX Venture Exchange under the symbol CEC and investor information is available on the Company’s web page at www.complianceenergy.com.

On behalf of the Board of
COMPLIANCE ENERGY CORPORATION

“John Tapics”

John Tapics
Chief Executive Officer

Contact Forbes West 416-203-2200 or 1-888-655-5532 or Rob Roney, Investor Relations at 250-897-0437
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The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Note: This release contains forward-looking statements that involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents, filed by the Company on SEDAR at www.sedar.com, specifically the most recent reports which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. The Company undertakes no obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.