



Compliance Energy Corporation

Suite 584, 885 Dunsmuir Street

Vancouver, BC V6C 1N5

Telephone: (604) 689-0489

Facsimile: (604) 681-5910

Web Page: www.complianceenergy.com

TSX-VN TRADING SYMBOL: CEC

\$3.5 MILLION FINANCING LOAN CLOSES TO ADVANCE POWER PROJECT

Vancouver, B.C., August 24, 2006 - Compliance Energy Corporation (the “Company”) announce that it has closed a \$3.5 million term loan with Quest Capital Corp of Vancouver, British Columbia. Under the terms of the loan, which has been fully drawn and is due May 30, 2007 bearing a monthly interest rate of 1%, the Company has issued 646,153 common shares of the Company as “Bonus Shares” as permitted under TSX Venture Exchange rules. The Bonus Shares are subject to a four month hold period until December 24, 2006. Proceeds from the term loan will be used to provide performance security to BC Hydro under the recently awarded 30 year Electricity Purchase Agreement for the Company’s 56 MW Princeton Power Project.

This financing allows the Company to finalize the BC Hydro contract. Securing the contract allows the Company to proceed with final development activities for the project. The 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 project site has extensive existing infrastructure including; one large building that will 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 Company is also looking at ancillary businesses to utilize waste heat as the project progresses.

In addition, as announced August 8, 2006, the Company reports that it has now received TSX Venture Exchange approval for extension of 3.8 million warrants that were set to expire on August 10, 2006. These warrants will now expire November 10, 2006 and all other terms of the warrants remain the same.

Compliance is a Canadian mining company that has significant metallurgical and thermal coal interest on Vancouver Island and is currently completing a \$2.1 million exploration/development drilling program on the Raven metallurgical deposit that has an existing 38.5 million tonne resource and was recently awarded a 30 year Electricity Purchase Agreement by BC Hydro for its proposed 56 MW Princeton Power Project. The Company also 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

Per:

“Rod Shier”

Rodney A. Shier
Chief Financial Officer

Contact or Forbes West 416-203-2200 or 1-888-655-5532 or Rob Roney, Investor Relations at 250-897-0437 or Kirk Gamley 604-689-7422 or Rod Shier, CFO at 604-689-0489 for further information.

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.