



Compliance Energy Corporation

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TSX-VN TRADING SYMBOL: CEC

COMPLIANCE SIGNS ELECTRICITY PURCHASE AGREEMENT WITH BC HYDRO

Vancouver, B.C., September 5, 2006 - Compliance Energy Corporation (the “Company”) announces that further to the Company’s news release dated July 27, 2006, the Company’s subsidiary Compliance Power Corporation has signed the recently awarded thirty year Electricity Purchase Agreement for its proposed 56 megawatt Princeton Power Project and delivered the required \$3.4 million performance security to BC Hydro. The project is contracted to deliver 421,000 megawatt hours of firm electrical energy annually into British Columbia’s transmission system, sufficient electricity for over 40,000 homes. The \$200 million project will create over 200 man years of employment during its construction period and 30 to 40 full time jobs on an ongoing basis. It will generate approximately \$40 - \$55 million annually in revenue and it represents one of the larger contracts awarded in BC Hydro’s 2006 Open Call for Power.

Coal for the Princeton Power Project will be mined from the Company’s 100% owned Basin Coal Mine located 30 km north-west of Princeton, British Columbia, while wood waste will be sourced from the surrounding area. The Basin Coal Mine, which is presently a seasonal operation, provides approximately 50,000 tonnes of coal into the domestic thermal coal market. Site winterization activities for 2006 at Basin have begun, since the Company has produced sufficient coal to satisfy its current contracts, well ahead of last year’s schedule. Coal sales will continue to be made out of inventory for the remainder of the year and staff will winterize the wash plant and mobile equipment in preparation for the annual winter shut down. In the future, the additional tonnage required by the Princeton Power Project will allow the Basin Coal Mine to become a year round operation.

Compliance is a Canadian mining company that has significant metallurgical and thermal coal interests on Vancouver Island and is currently completing a \$2.1 million exploration/development drilling program on the Raven metallurgical deposit which has an existing 38.5 million tonne resource. Compliance 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

“John Tapics”

John Tapics

Chief Executive 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