Compass Petroleum Ltd. Announces Financial and Operating Results for the Interim Periods Ended March 31, 2011

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CALGARY, ALBERTA -- (Marketwire - May 26, 2011) - Compass Petroleum Ltd. (TSX VENTURE: CPO) ("Compass" or the "Company") announced today its financial and operating results for the interim periods ended March 31, 2011.

The Company has filed its unaudited interim financial statements for the three and nine month periods ended March 31, 2011 (the "Financial Statements") and related Management's Discussion and Analysis ("MD&A") with certain securities regulatory authorities in Canada. Copies of the Financial Statements and MD&A may be obtained through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com (under the Company's profile) or through the Company's website at www.compasspetroleum.com.

Selected financial and operating information for the interim periods ended March 31, 2011 (and comparative information for the corresponding periods in fiscal 2010) is set out below, which should be read in conjunction with the Financial Statements and MD&A.

Fiscal 2011 Q3 Highlights

Highlights of the Company's activities in the third quarter of fiscal 2011 were as follows:

-- Continued exploitation and development activities on the west central Saskatchewan Viking light oil resource play with the drilling and completion of nine (net 9.0) Viking horizontal wells at Lucky Hills. Two of these new horizontal wells achieved average 30 day production rates of 184 barrels of oil per day ("bopd") and 151 bopd respectively, among the highest experienced by Compass to date.

-- Drilled three (net 3.0) vertical Viking wells, including one step-out well at Lucky Hills and two wells at Verendrye to assess the potential of the affected lands for Viking horizontal well development.

-- Acquired one section (net 1.0) of land at Lucky Hills and 4.5 sections (net 4.5) of undeveloped land in the greater Dodsland area, which increased the Company's total land inventory to approximately 63.5 net sections (with Viking mineral rights) in west central Saskatchewan at the end of March 2011.

-- Expanded the Company's exposure to the Viking light oil resource play through a series of pooling, farm-in and participation agreements under which the Company has the right to earn working interests, ranging from 32.5% to 65%, in up to 25 sections of land in the Forgan and Elrose areas of west central Saskatchewan. Compass has committed to drill four (3.0 net) Viking horizontal wells on the affected lands and anticipates commencing drilling operations in July, 2011, subject to weather conditions and the receipt of all regulatory approvals.

-- Completed the construction of pipelines to gather solution gas and emulsion from 12 Viking horizontal oil wells and the expansion of the 1- 29 oil treating facility at Lucky Hills to aid in reducing operating costs and improve operating efficiencies.

-- Increased average corporate sales to 1,090 barrels of oil equivalent per day ("boepd") for the quarter, up 37% from the third quarter of fiscal 2010; oil weighting averaged 75% or 815 bopd in the third quarter of fiscal 2011.

-- For the month of March 2011, sales averaged 1,164 boepd, weighted 78% to oil (912 bopd). Viking oil and natural gas sales from Lucky Hills averaged 661 boepd, including 636 bopd and 148 mcfpd of solution gas in March 2011.

-- Gross oil and gas revenues increased by 81% to $6,416,490 in the third quarter of fiscal 2011, compared to $3,544,274 for the same period in fiscal 2010. Funds from operations (refer to the cautionary statement set out under the heading "Non GAAP Financial Measurements" in this news release) increased 423% to $2,616,255 in Q3 of fiscal 2011 from $499,885 in Q3 of fiscal 2010, primarily due to the higher oil production volumes and higher average crude oil prices.

-- Completed a public offering of common shares for gross proceeds of $17.25 million through the issuance of 11,896,552 shares, at $1.45 per share, on January 25, 2011. Net proceeds of the financing were used to support the Company's Viking light oil horizontal well drilling and completion activities at Lucky Hills and for working capital purposes.

-- Simplified the Company's capital structure and reduced financial leverage by converting $10,920,000 aggregate principal amount of convertible notes and accrued interest into 8,366,986 common shares, at a conversion price of $1.35 per share, effective February 28, 2011.

Operations

Sales volumes for Q3 of fiscal 2011 averaged 1,091 boepd overall, a 37% increase over Q3 fiscal 2010 sales of 795 boepd. The increase is due to the successful Viking horizontal drilling program at Lucky Hills. Viking light oil and natural gas sales averaged 531 boepd for Q3 of fiscal 2011; the Company had no Viking light oil production for the comparative period in fiscal 2010. Total crude oil sales averaged 815 bopd for the quarter ended March 31, 2011, an increase of 122% compared to Q3 of fiscal 2010, resulting in an oil weighting of 75%, a significant change from the 46% oil weighting for the corresponding fiscal quarter in 2010. March 2011 sales from the Lucky Hills Viking horizontal wells totaled 661 boepd, including 636 bopd of light oil and 148 mcfpd of solution gas. Overall, sales for March 2011 averaged 1,164 boepd, consisting of 912 bopd and 1,513 mcfd of natural gas (78% weighting to oil).

Compass successfully drilled and completed nine Viking horizontal (9.0 net) wells at Lucky Hills in the third quarter of fiscal 2011. The scheduling of drilling operations and frac services was not a problem in the quarter and the final frac was competed in early March 2011. Initial production rates on two of the new horizontal wells drilled and completed in the quarter at Lucky Hills exceeded management's expectations with one well flowing at an average rate of 184 bopd over the first 33 days of production and the second well flowing at an average rate of 151 bopd over its first 34 days of production.

In an ongoing effort to de-risk the Company's Viking light oil resource land base, three vertical wells were drilled in Q3 of fiscal 2011. One of the wells was at Lucky Hills, but several miles from the main area of recent drilling activity. Two of the wells were drilled at Verendrye, approximately 10 miles south of Lucky Hills. Management believes that the success of these wells demonstrates the potential of the affected lands for Viking horizontal well development and adds to the Company's potential drilling inventory. The Company plans to complete one of the vertical wells before the end of June 2011.

Pipeline infrastructure was completed for twelve Viking horizontal oil wells in the third quarter of fiscal 2011 to gather emulsion and solution gas and transport it to a second central treating facility currently under construction. This new central facility is expected to be completed in Q4 of fiscal 2011. The Company expects that emulsion will be treated and clean oil trucked to sales points, with solution gas sent to the 100% Company owned gas processing and compressor facility. The Company determined to install the pipeline infrastructure and central treating facilities in an effort to reduce operating costs, improve operating efficiencies, and increase on-stream time of its oil wells.

Through March 31, 2011, the Company drilled a total of 22 successful Viking horizontal wells (20 to date in fiscal 2011) at Lucky Hills. At the end of March 2011, 12 wells were flowing without the assistance of artificial lift and 10 wells had pumping units installed. Eight pumping units were installed in Q3 of fiscal 2011 on wells that had stopped flowing or had declined to low levels of production. Due to extremely cold weather conditions and heavy snowfalls, ongoing optimization of these pumping wells was hampered and further delays were encountered with the onset of road bans and spring break-up in March 2011. Paraffin or wax precipitation and buildup in the wellbore becomes a significant impediment to production from the Company's Viking oil wells as production rates decline, particularly in flowing wells. Techniques to handle paraffin or wax continued to be assessed and evaluated during the third quarter of fiscal 2011 to determine the most cost effective approach. Although several mechanical systems have been evaluated, the principal process currently in use involves the circulation of solvents, inhibitors, and dispersants, in combination with hot oiling, through the wellbore and tubulars on a regular basis.

Compass continued to add to its land base at Lucky Hills and expand its footprint in the greater Dodsland area during the quarter ended March 31, 2011. One section (640 acres) was purchased from a private owner in the heart of Lucky Hills. Management believes this section is prospective for Viking horizontal drilling. Another 4.5 net sections of undeveloped land were acquired at the February 2011 Saskatchewan Crown land sale. The addition of these lands increased the Company's overall Viking resource play land inventory to approximately 63.5 net sections of land in west central Saskatchewan.

In addition, through a series of pooling, farm in and participation agreements, under which the Company has the right to earn working interests, ranging from 32.5% to 65%, in up to 25 sections of land, the Company's exposure to the Viking light oil resource play was expanded to the Forgan and Elrose areas of west central Saskatchewan. Viking oil is produced from both of these areas, which are being actively developed by other industry participants with horizontal wells. Compass has committed to drill four (3.0 net) Viking horizontal wells on the affected lands and anticipates commencing drilling operations in July, 2011, subject to the receipt of all necessary regulatory approvals and weather permitting.

Summary of Operations

(Unaudited)

(Thousands except per share amounts)	Three Months Ended March 31	
	2011	2010
Financial		
Petroleum and natural gas sales	$ 6,416	$ 3,544
Cash provided by operating activities	563	318
Funds from operations(1)	2,616	500
per share, (basic/ diluted)	0.06/0.06	0.02/0.01
Loss for the period	(509)	(255)
per share, (basic and diluted)	(0.01)	(0.01)
Capital additions	16,680	1,318
Dispositions	-	-
Net capital additions	16,680	1,318
Net adjusted working capital/(net debt)(1)	(9,445)	3,331(2)
Convertible notes face value	-	10,920
Total assets	88,771	61,648(2)
Total shares outstanding at quarter end -basic	52,583,724	23,938,294
Total shares outstanding at quarter end-fully diluted	58,187,724	34,872,183
Weighted shares outstanding at quarter end-basic	43,794,102	23,938,294
Weighted shares outstanding at quarter end-fully diluted	45,469,102	34,872,183
Operations		
Production		
Gas (Mcfpd)	1,651	2,568
Oil (bblpd)	815	367
boepd (6Mcf = 1bbl)	1,090	795
Product Prices		
Gas ($/Mcf)	$ 3.57	$ 4.92
Oil ($/bbl)	$ 80.90	$ 70.83

(1) Refer to the section entitled “Non-GAAP Financial Measurements“.
(2) As of June 30, 2010.

	Nine Months Ended March 31	
	2011	2010
Financial		
Petroleum and natural gas sales	$ 15,095	$ 11,209
Cash provided by operating activities	2,883	2,561
Funds from operations(1)	5,380	3,001
per share, (basic/ diluted)	0.15/0.14	0.13/0.09
Loss for the period	(1,935)	(977)
per share, (basic and diluted)	(0.05)	(0.05)

Capital additions	34,784	4,537
Dispositions	260	-
Net capital additions	34,524	4,537
Net adjusted working capital/(net debt)(1)	(9,445)	3,331(2)
Convertible notes face value	-	10,920
Total assets	88,771	61,648(2)
Total shares outstanding at quarter end -basic	52,583,724	23,938,294
Total shares outstanding at quarter end-fully diluted	58,187,724	34,872,183
Weighted shares outstanding at quarter end- basic	35,921,101	23,938,294
Weighted shares outstanding at quarter end- fully diluted	39,630,477	34,872,183
Operations		
Production		
Gas (Mcfpd)	1,931	2,927
Oil (bblpd)	627	394
boepd (6Mcf = 1bbl)	948	882
Product Prices		
Gas ($/Mcf)	$ 3.63	$ 4.00
Oil ($/bbl)	$ 74.34	$ 58.38

(1) Refer to the section entitled “Non-GAAP Financial Measurements“.
(2) As of June 30, 2010.

Financial and Corporate

Oil and gas revenue increased to $6.416 million in Q3 of fiscal 2011, compared with $3.544 million for Q3 of fiscal 2010. For the nine month period ended March 31, 2011, oil and gas revenue increased to $15.095 million, compared to $11.209 million for the nine months ended March 31, 2010. Higher average crude oil prices and higher crude oil production volumes from the Company's west central Saskatchewan Viking light oil properties accounted for the increased revenues.

Funds from operations increased to $2.616 million (or $0.06 per share basic and $0.06 per share fully diluted) in Q3 of fiscal 2011, compared to $0.500 million (or $0.02 per share basic and $0.01 per share fully diluted) in Q3 of fiscal 2010. For the nine month period ending March 31, 2011, funds from operations increased to $5.380 million (or $0.15 per share basic and $0.14 per share fully diluted) compared to $3.001 million (or $0.13 per share basic and $0.09 per share fully diluted) for the nine months ending March 31, 2010. Compass reported a loss of $0.509 million in the third quarter of fiscal 2011 (or ($0.01) per share basic and fully diluted) and $1.935 million (or ($0.05) per share basic and fully diluted) for the first nine months of fiscal 2011, compared with a loss of $0.255 million (or ($0.01) per share basic and fully diluted) and $0.977 million (or ($0.05) per share basic and fully diluted), respectively, for the same periods in fiscal 2010. The increased loss was primarily due to higher unrealized mark to market losses on commodity price hedges and higher depletion, depreciation and amortization charges for the three and nine month periods ended March 31, 2011, compared to the same periods in fiscal 2010.

The Company incurred approximately $16.680 million of net capital expenditures in Q3 of fiscal 2011 compared to net capital expenditures of $1.318 million in Q3 of fiscal 2010. The increased expenditures were incurred in connection with the drilling and completion of nine Viking horizontal wells, the drilling and casing of three vertical Viking oil wells, pipeline construction (to tie-in twelve Viking wells), expansion of the Viking light oil treating facility, and the acquisition of additional lands with Viking rights at Lucky Hills and other undeveloped lands in the greater Dodsland area of west central Saskatchewan.

At the end of March 2011, Compass did not have any bank debt; however, the significant level of activity at Lucky Hills resulted in a working capital deficiency (net debt) of $9.445 million.

During the quarter ended March 31, 2011, the Company entered into a financial hedge on natural gas consisting of a fixed price swap on 500 gigajoule/day, at a price of $4.015 per gigajoule, for the period from April 1, 2011 to October 31, 2012.

On January 25, 2011, Compass closed a public offering, which involved the issuance of 11,896,552 common shares, at a price of $1.45 per share, for gross proceeds of $17.250 million. Net proceeds were used to pay off bank debt and support the Company's Viking horizontal drilling program at Lucky Hills.

Effective February 28, 2011, $10.92 million aggregate principal amount of convertible notes and accrued interest were converted to 8,366,986 common shares, at a conversion price of $1.35 per share. This conversion simplified the Company's capital structure and reduced financial leverage on the balance sheet. The majority of the convertible notes ($10.75 million) was held by an affiliate of the Company's principal shareholder.

Production

The Company's average sales for the three month period ended March 31, 2011 increased 37% compared to the three months ended March 31, 2010, from 795 boepd to 1,091 boepd. The Company's crude oil sales increased from 367 bopd in Q3 of fiscal 2010 to 815 in Q3 of fiscal 2011, an increase of 122%. Compass' weighting to crude oil increased from 46% for the third quarter of fiscal 2010 to 75% for the third quarter of fiscal 2011.

With the emphasis and focus on Viking light oil, the Company's natural gas production (as a percentage of overall production and measured on a boe basis) decreased from approximately 54% for Q3 of fiscal 2010 to under 26% for Q3 of fiscal 2011. As the Company has previously noted, this trend is expected to continue as no expenditures are budgeted for natural gas related activities, reinforcing the Company's focus on light oil growth.

Outlook

As previously disclosed, Compass expects that production volumes for the fourth quarter of fiscal 2011 will be negatively affected by road bans (which commenced on March 21, 2011 and extended through May 8, 2011 at Lucky Hills) and extremely wet conditions that prolonged Spring break-up. These factors severely restricted crude oil trucking and hampered other oilfield operations such as work-overs and well maintenance. Production rates in April and most of May have been affected and are lower than the Q3 fiscal 2011 average. However, weather and access conditions have recently improved and the Company has been able to undertake field activities again (commencing in mid-May).

Drilling activity is expected to re-commence before the end of May 2011. Three net Viking horizontal wells are scheduled to be drilled and completed by the end of Q4 fiscal 2011. These new wells, combined with additional solution gas sales, are expected to help meet the Company's targeted exit rate of 1,350 boepd at June 30, 2011.

The Company closed a successful bought deal financing on May 6, 2011 for gross proceeds of approximately $13.8 million. A total of 5,635,000 common shares (priced at $2.10 per share) and 800,000 flow through shares (priced at $2.50 per share) were issued. The net proceeds of the financing were initially used to reduce the Company's indebtedness under its loan facility, resulting in positive working capital of approximately $3.0 million.

In addition to the three net Viking horizontal wells to be drilled and completed by the end of this fiscal year, the completion of the second central treating facility is scheduled for early June 2011. Due to the richness of the Viking solution gas stream, a pipeline is required to transport the gas to a third party gas processing plant where the liquid hydrocarbons are stripped out. Gas analysis indicates a potential recovery of 15 - 20 bbls per mmcf of condensate and NGL's. The construction of this line is expected to commence in late June with completion scheduled for early fiscal 2012.

With the additional financing and the farm-in drilling commitments, the Board of Directors has approved another increase to the Company's capital budget for fiscal 2011 to $42.8 million from $35.1 million.

NON-GAAP FINANCIAL MEASUREMENTS

This news release includes references to “funds from operations“. Funds from operations is a non-GAAP measure that is commonly used in the oil and natural gas industry. It represents cash provided by operating activities before changes in non-cash working capital and asset retirement expenditures. Management of the Company considers funds from operations to be a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Funds from operations should not be considered as an alternative to, or more meaningful than, cash flow provided by operating activities, as determined in accordance with Canadian Generally Accepted Accounting Principles (“GAAP“), as an indicator of the Company's performance. The Company's determination of funds from operations may not be comparable to that reported by other issuers.

The Company calculated “funds from operations“ as follows for the periods indicated:

	Quarter ended March 31, 2011	Nine Months Ended March 31, 2011	Quarter ended March 31, 2010	Nine Months Ended March 31, 2010
Cash provided by operating activities	$ 562,705	$ 2,883,358	$ 317,818	$ 2,560,934
Changes in non-cash working capital	1,732,694	1,921,641	182,067	410,023
Actual retirement obligation settled	320,856	574,513	-	30,459
Funds from operations	$ 2,616,255	$ 5,379,512	$ 499,885	$ 3,001,416

This news release also includes references to "adjusted working capital" and "net debt", which is defined as current liabilities (excluding future income taxes) plus outstanding bank debt less current assets (excluding financial instruments and future income taxes), and represents a measure of short term liquidity. The Company calculated "adjusted working capital and net debt" as follows at the dates noted:

	March 31, 2011	June 30, 2010
Current Assets (excluding financial instruments & future income taxes)	$ 5,159,915	$ 7,861,490
Banks indebtedness	-	-
Accounts payable and accrued liabilities (excluding future income taxes & financial instruments)	(14,605,067)	(4,530,332)
Adjusted working capital / (net debt)	$ (9,445,152)	$ 3,331,158

Where "net debt" is positive the Company uses the term "adjusted working capital and net debt".

OTHER MEASUREMENTS

Reported production represents Compass' ownership share of sales before the deduction of royalties. Where amounts are expressed on a barrel of oil equivalent (boe) basis, natural gas has been converted at a ratio of six thousand cubic feet to one boe. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe's may be misleading, particularly if used in isolation.

Compass is oil weighted, oil focused junior oil and gas exploration and production corporation based in Calgary, Alberta. The Company's current main focus is on the exploitation and development of its Viking light oil resource lands in the Dodsland area of west central Saskatchewan.

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

ADVISORY REGARDING FORWARD LOOKING STATEMENTS

This news release contains certain forward-looking information (referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "scheduled", "intend", "estimate", "expect", "may", "will", "should", or similar words suggesting future activities, circumstances or outcomes. In particular, this news release contains forward-looking statements relating to: (1) the anticipated timing of commencement of certain drilling and related activities on land in the Forgan and Elrose areas of west central Saskatchewan and the timing of commencement and completion of certain drilling activities on the Company's existing properties; (2) the anticipated timing of completion of a new central treating facility and a new pipeline being constructed by the Company; (3) continued decreases in the percentage of natural gas produced by the Company as compared to oil production; (4) expectations concerning the drilling of additional wells by the Company and the continued dedication of resources to the expansion of the Company's Viking light oil resource play in west central Saskatchewan; and (5) expectations with respect to the Company's exit production for the end of the 2011 fiscal year (June 30, 2011).

Forward-looking statements are based upon the opinions and expectations of management of the Company as at the effective date of such statements and, in some cases, information supplied by third parties. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, such things as changes in general economic conditions in Canada, the United States and elsewhere, changes in operating conditions (including as a result of weather patterns), the volatility of prices for oil and gas and other commodities, commodity supply and demand, fluctuations in currency and interest rates, inherent risks associated with the exploration, development and production of oil and gas (including mechanical problems), timing, results and costs of exploration and development activities, the results of horizontal wells drilled to date by the Company in west central Saskatchewan, the time required to complete wells previously drilled by the Company in west central Saskatchewan, the Company's experience with the drilling of other oil and gas wells, that the Company's success rate on new wells drilled in west central Saskatchewan will be substantially similar to the success rates historically achieved by the Company on wells drilled in west central Saskatchewan, the accuracy of geological and geophysical data and the Company's interpretation of that data, availability of financial resources or third-party financing, availability of equipment, materials, services and personnel in a timely manner and on terms acceptable to the Company, defaults by counterparties under commercial arrangements to which the Company is a party, the ability to obtain all required regulatory approvals on a timely basis and on satisfactory terms, and new laws and regulations (domestic and foreign). Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

Forward-looking statements concerning the anticipated timing of commencement of certain drilling and related activities on land in the Forgan and Elrose areas of west central Saskatchewan and the timing of commencement and completion of certain drilling activities on the Company's existing properties are based upon various assumptions and factors, including the accuracy of geological and geophysical data and the Company's interpretation of that data, the availability of materials, services, equipment and personnel in a timely manner and on commercial terms acceptable to the Company, favorable weather conditions (including access to well sites and leases), the ability of the Company to obtain all required regulatory approvals in a timely manner and on satisfactory terms, the current business plan of the Company (which is subject to change), prices for oil and natural gas remaining at current levels or increasing above current levels, no adverse changes in royalties payable on oil and gas production, the Company's ability to economically produce oil and gas from its properties and the timing and costs of such production, that production from new wells drilled by the Company will be substantially consistent with wells drilled by Compass and others in the vicinity of such new wells, the ability of the Company to generate internal cash flow, and the availability of external financing on terms satisfactory to the Company.

Forward-looking statements concerning the anticipated timing of completion of a new central treating facility and new pipeline being constructed by the Company are based upon various assumptions and factors, including the Company's experience with the construction of other facilities and pipelines in west central Saskatchewan, that the new facility and pipeline can be completed within timelines generally consistent with the timelines associated with other facilities and pipelines constructed by the Company, favorable weather and surface access conditions, the availability of materials, services, equipment and personnel in a timely manner and on commercial terms acceptable to the Company, favorable weather conditions the ability of the Company to obtain all required regulatory approvals in a timely manner and on satisfactory terms, and the current business plan of the Company (which is subject to change).

Forward-looking statements concerning continued decreases in the percentage of natural gas produced by the Company as compared to oil production are based upon various assumptions and factors, including recent trends in the relative production of oil and natural gas by the Company, current production of oil and natural gas by the Company, the current business plan of the Company (which contemplates the continued dedication of significant corporate resources to the development of the Viking light oil play in west central Saskatchewan, but which is subject to change), a continuation of current commodity pricing over the period to which such forward-looking statements relate and anticipated declines in the production of natural gas from the Company's natural gas reserves.

Forward-looking statements concerning the drilling of additional wells by the Company and the continued dedication of resources to the expansion of the Company's Viking light oil resource play in west central Saskatchewan are based upon various assumptions and factors including the results of horizontal wells drilled to date by the Company in west central Saskatchewan, the time required to complete wells previously drilled by the Company in west central Saskatchewan and that new wells can be drilled and completed within similar time frames, the Company's experience with the drilling of other oil and gas wells, that the Company's success rate on new wells drilled in west central Saskatchewan will be substantially similar to the success rates historically achieved by the Company on wells drilled in west central Saskatchewan, the accuracy of geological and geophysical data and the Company's interpretation of that data, the availability of materials, services, equipment and personnel in a timely manner and on commercial terms acceptable to the Company, favorable weather conditions (including access to well sites and leases), the ability of the Company to obtain all required regulatory approvals in a timely manner and on satisfactory terms, the current business plan of the Company (which is subject to change), prices for oil and natural gas remaining at current levels or increasing above current levels, no adverse changes in royalties payable on oil and gas production, the Company's ability to economically produce oil and gas from its properties and the timing and costs of such production, that production from new wells drilled by the Company will be substantially consistent with wells drilled by Compass and others in the vicinity of such new wells, the ability of the Company to generate internal cash flow, and the availability of external financing on terms satisfactory to the Company.

Forward-looking statements concerning forecast production as at June 30, 2011 are based upon various assumptions and factors including the Company's current production from its various properties, existing plans for the drilling and completion of wells and completion of facilities and pipelines for the balance of fiscal 2011, Compass' historical success rate with wells drilled on its properties in west central Saskatchewan, the results of wells drilled by third parties in the vicinity of Compass' oil and gas properties in west central Saskatchewan (including production from those wells), that production from new wells drilled by Compass will be substantially consistent with wells drilled by Compass and others in the vicinity of such new wells, prices for oil and natural gas remaining at current levels or increasing above current levels, no adverse changes in royalties payable on oil and gas production, the Company's ability to economically produce oil and gas from its properties and the timing and costs of such production, the accuracy of geological and geophysical data and the Company's interpretation of that data, the availability of materials, services, equipment and personnel in a timely manner and on commercial terms acceptable to the Company, favorable weather conditions (including access to well sites and leases), the ability of the Company to obtain all required regulatory approvals in a timely manner and on satisfactory terms, the ability of the Company to generate internal cash flow, and the availability of external financing on terms satisfactory to the Company.

The forward-looking statements contained in this news release are made as of the date hereof and Compass does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable Canadian securities law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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