Compass Petroleum Ltd. Announces Sale of Alberta Properties

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CALGARY, ALBERTA -- (Marketwire - Sept. 7, 2011) - Compass Petroleum Ltd. ("Compass" or the "Corporation") (TSX VENTURE: CPO) announced today that Compass Petroleum Partnership (the "Partnership") has entered into an asset sale agreement with a private company and an affiliate of that company (collectively, the "Purchaser"), pursuant to which the Partnership has agreed to sell to the Purchaser all of its oil and natural gas assets in the Grand Forks, Vilna, Lacombe, Craigend, Valhalla and Grassland areas of Alberta (the "Assets") for aggregate cash consideration of \$29.5 million, subject to customary closing adjustments. Closing of the transaction is scheduled to occur on September 12, 2011, with an effective date of July 1, 2011. Closing of the transaction is subject to the satisfaction of a number of conditions in favor of the Partnership on one hand and the Purchaser on the other hand, including approval of the sale transaction by the TSX Venture Exchange.

Average daily sales attributed to the Assets for June 2011 were 348 bbls/d of oil, 823 Mcf/d of natural gas and 3 bbls/d of natural gas liquids ("NGLs"), representing 46.6%, 53.6%, and 100% of the Corporation's consolidated total average daily sales of oil, natural gas and NGLs, respectively. On a barrel of oil equivalent basis, average daily sales attributed to the Assets for June 2011 were 488 boe/d, representing 48.5% of the Corporation's consolidated total average daily sales for that month.

Total proved plus probable working interest reserves ascribed to the Assets in a recent technical report (the "Sproule Report") prepared by Sproule Associates Limited were 1,725 Mbbls of crude oil, 11,213 MMcf of natural gas and 44.9 Mbbls of NGLs for a total of 3,639 Mboes, representing 34.3%, 62.8%, 100% and 45.2% of the Corporation's consolidated total proved plus probable working interest reserves of crude oil, natural gas, NGLs and total oil equivalent, respectively, as at June 30, 2011. These reserves figures do not include adjustments as a result of changes to commodity pricing or well performance or capital spent on the properties since June 30, 2011.

If the sale of the Assets is completed, Compass will no longer own or operate, directly or indirectly, any oil and gas assets in the Province of Alberta and its exclusive focus will be on its Viking light oil resource play in Saskatchewan. The proposed asset sale is expected to be accretive to corporate netbacks. Upon closing of the transaction, the Corporation will have no bank debt and its net cash position (cash less current liabilities) is estimated to be approximately \$15.8 million.

FirstEnergy Capital Corp. has acted as financial advisor to the Corporation with respect to the sale of the Assets and has provided the Board of Directors with a written opinion that, as of September 6, 2011, the consideration to be received in connection with the sale of the Assets is fair from a financial point of view to the shareholders.

Reader Advisories

Barrels of Oil Equivalent (boe)

The term "boe" means barrel of oil equivalent, with natural gas converted to a crude oil equivalent at a ratio of six thousand cubic feet to one barrel. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of six Mcf (six thousand cubic feet) to one bbl (one barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Reserves and Operational Information

The reserves data set forth in this news release is based upon an independent reserve assessment and evaluation prepared by Sproule with an effective date of June 30, 2011 and dated July 15, 2011. The Sproule Report has been prepared in accordance with the standards contained in NI 51-101. The recovery and reserve estimates of Compass' crude oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. The reserve data

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provided in this release only represents a summary of the disclosure required under NI 51-101. Additional disclosure relating to the Corporation's reserves data is set out in a material change report dated August 3, 2011, which has been filed by Compass with securities regulatory authorities in various provinces of Canada and is available through SEDAR at www.SEDAR.com. Further disclosure will be provided in the Corporation's Annual Information Form, which is scheduled to be filed with applicable securities regulatory authorities in Canada in early October 2011.

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", "intend", "estimate", "expect", "may", "will", "should", or similar words suggesting future activities or outcomes. In particular, this news release contains forward-looking statements concerning: (1) the anticipated effect of completion of the sale of the Assets on the Corporation's netbacks; and (2) estimates with respect to the Corporation's net cash position upon closing of the sale of the Assets.

Forward-looking statements are based upon the opinions and expectations of management of the Company as at the effective date of such statements. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, 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) and the timing, results and costs of exploration and development activities.

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 effect of the sale of the Assets on the Corporation's netbacks are based upon various assumptions and factors including netbacks generated by the Corporation in recent fiscal quarters and the relative contributions of the Corporation's Alberta assets and Saskatchewan assets to operating expenses.

Forward-looking statements concerning the Corporation's estimated net cash position upon closing of the sale of the Assets are based upon various assumptions and factors including the Corporation's cash position as at August 31, 2011, known and estimated liabilities as at August 31, 2011 and the purchase price of the Assets as set out in the asset sale agreement referred to above in this news release.

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.

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.

Contact Information

Compass Petroleum Ltd. Yook L. Mah President and CEO (403) 261-1911 info@compasspetroleum.com

Compass Petroleum Ltd. Graham Barnes CFO (403) 261-1911 info@compasspetroleum.com

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