



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES SECOND QUARTER 2008 FINANCIAL RESULTS

Calgary, AB August 27, 2008 – Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (TSXVENTURE:SPI) (OTCBB:CSPUF) announces the release of the financial results and Management Discussion and Analysis for the three and six month periods ended June 30, 2008.

CSRI is a natural resources company focusing on the identification and development of opportunities in the unconventional gas sector of the energy industry. The mission of the Company is to develop 1 tcf of natural gas from unconventional resource plays in western Canada. Through two joint ventures, the Company is currently evaluating the productive capability of both its shallow Gething play (Shell Canada Energy as Operator - see News Release dated July 17, 2008) and its deeper Montney play (Canbriam Energy Inc. as Operator - see News Release dated March 19, 2008). Both of these plays are located on the Company’s principal resource property at Farrell Creek, British Columbia.

OPERATIONAL HIGHLIGHTS

- Entered into joint venture with Shell Canada Energy covering approximately 145 sections or 92,800 acres to accelerate Gething Formation development at Farrell Creek, B.C.
 - Up to five additional wells planned for third and fourth quarter of 2008.
 - Work proceeding on connection of the pilot project to Spectra Energy gas sales pipeline.
- Concluded joint venture with Canbriam Energy Inc. to evaluate Montney Formation and other deep rights at Farrell Creek, B.C.
 - Two wells targeting Montney Formation are currently being drilled and evaluated.
- Increased the Company’s cash position by approximately C\$9.7 million.

Selected Financial Data and Second Quarter Results (\$CDN)

For the six month periods ended on or as at June 30	2008	2007
Revenue	\$ 43,857	\$ 39,492
Net loss and comprehensive loss	\$ (1,150,547)	\$ (430,182)
Net loss per share (basic & diluted)	\$ (0.03)	\$ (0.01)
Working capital	\$ 3,051,141	\$ 524,482
Total assets	\$ 43,522,104	\$ 35,267,723
Total long term financial liabilities	\$ 217,058	\$ 450,756

The Company recorded a net loss after income taxes of \$1,150,547 or \$0.03 per share for the first six months of 2008 compared to a net loss of \$430,182 for the same period of 2007. The Company had no operating revenue in either period. The Company’s revenue for the first half of 2008 and 2007 is comprised of interest on cash deposits.

Cash administrative expenses for the six months ended June 30, 2008 and 2007 after the capitalization of costs directly related to exploration and development activity were \$609,092 and \$540,817 respectively, a period over period increase of 13%. Overhead and other expenses capitalized in the first two quarters of 2008 were \$289,161 compared to \$277,007 in the first two quarters of 2007.

Stock-based compensation was comprised of stock option expense of \$176,246 (2007: \$152,812) and share appreciation rights expense of \$564,000 (2007: recovery of \$258,000) resulting in a net overall expense of \$740,246 through the end of the second quarter of 2008 (2007: recovery of \$105,188).

Capital expenditures for the first two quarters of each of the past two years are detailed in the following table:

For the six month periods ended June 30	2008	2007
Lease acquisitions and retentions	\$ 38,979	\$ 52,160
Geological and geophysical	48,418	9,245
Drilling and completion	1,590,548	1,230,372
Capitalized overhead	280,821	272,629
Total petroleum and natural gas	1,958,766	1,564,406
Office equipment and furnishings	10,173	3,251
Total capital expenditures	<u>\$ 1,968,939</u>	<u>\$ 1,567,657</u>

Long-term financial liabilities at June 30, 2008 are comprised of \$217,058 representing the present value of future reclamation obligations. An accrued liability of \$582,000 at June 30, 2008 pursuant to share appreciation rights granted to key employees in 2003 has been recorded as a current liability since these rights expire in January 2009, after having been extended from their previous expiry date of August 2008. Subsequent to the end of the second quarter, the Board of Directors determined that the exercise conditions associated with these rights had been achieved and therefore these rights may be exercised at any time up to the revised expiry date. The Company has no debt at this time.

OPERATIONS UPDATE

Gething Formation Joint Venture

In July 2008, the Company announced a joint venture agreement with Shell Canada Energy ("Shell Canada"). This agreement will advance the development of the Gething Formation on approximately 145 sections or 92,800 acres in the Farrell Creek area of northeast British Columbia. The purpose of the joint venture is to create a large contiguous land base for the development of the identified unconventional gas resource in the Gething Formation at Farrell Creek and to further advance the productivity of this formation.

The first phase of the joint venture requires an expenditure of approximately \$50 million by Shell Canada prior to December 31, 2010 for the acquisition of land, the expansion of CSRI's existing pilot program and the reimbursement to CSRI of certain prior costs. The land acquisition component has been substantially completed with Shell Canada's recent acquisition of approximately 95 sections of shallow rights in the Farrell Creek area. This expansion phase is intended to complete the tie-in of the Company's existing pilot project and is designed to evaluate techniques to enhance the productivity of the Gething Formation. Shell Canada will be appointed operator and is expected to assume that role during September 2008.

The tie-in of the existing pilot project to the Spectra Energy gas sales pipeline is expected to be completed by the end of the third quarter 2008 with the first sale of natural gas early in the fourth quarter 2008. In conjunction with the connection of the pilot project to the Spectra Energy pipeline, Shell Canada will also be initiating the drilling of up to five wells targeting the Gething Formation. These five wells, along with one deep water disposal well, will form part of the initial capital program that Shell Canada will be conducting. It is expected that the first well will be spud in September 2008.

Montney Formation Joint Venture

In March 2008, the Company concluded a joint venture and farmout agreement with Canbriam Energy Inc. ("Canbriam") a private energy company based in Calgary, Alberta. This arrangement covering over 25,000 net acres of deep rights in formations below the top of the Fernie Group will result in the evaluation of the Company's Montney Formation and other deep rights in the Farrell Creek area. Canbriam is currently drilling and evaluating two wells which are targeting the Montney Formation.

NEW OPPORTUNITIES

By entering into joint ventures with Canbriam and Shell Canada, the Company has initiated two major capital programs on its Farrell Creek lands, funded by the joint venture partners in return for working interests in the project. These programs are expected to evaluate and advance the value of the Farrell Creek property while enabling the Company to direct its financial resources toward new opportunities. The Company has retained a significant working interest in the Farrell Creek project and with success, will be required to bear its working interest share of capital expenditures and operating costs in due course, once the joint venture partners have satisfied their initial capital commitments.

Subsequent to the end of the second quarter, the Company increased its cash position by approximately \$9.7 million through an equity issue which closed on July 16, 2008 in the amount of \$3.1 million; through the exercise of warrants expiring July 18, 2008 in the amount of \$1.6 million; and through the reimbursement of prior capital expenditures and operating costs in the amount of \$5.0 million from a joint venture partner. The Company's current cash position is \$12.3 million.

On behalf of the Board of Directors,
CANADIAN SPIRIT RESOURCES INC.

"Don Gardner"

Chief Executive Officer

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