



## NEWS RELEASE

### CANADIAN SPIRIT RESOURCES INC. - CORPORATE UPDATE

Calgary, AB August 4, 2006 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture) advises that it has initiated the drilling and completion of two additional wells at Farrell Creek, British Columbia. The first of these two wells is expected to be spud today. It is anticipated that this well will be stimulated and production testing will commence during the latter part of August.

The Company has also retained Polaris Engineering to assist with the design, procurement and construction associated with the connection of the Company's pilot project into the Duke Energy pipeline.

The Company also announces that Douglas E. Soice, Vice President, Finance has resigned to pursue another opportunity. Mr. Soice will continue as a consultant to the Company for a period of time and recruiting for this position has begun.

CSRI is a natural resources company focusing on the identification and development of opportunities in the unconventional gas sector of the energy industry. Since 2002, the mission of the Company has been to develop 1 Tcf of natural gas over a five year period from unconventional resource plays in western Canada. Within four years, the Company has identified several large resource plays, assembled a unique, high working interest land position in over 42,000 gross acres (of which 40,000 are located in British Columbia) and is currently evaluating the productive capability of its principal resource property.

On behalf of the Board of Directors,  
**Canadian Spirit Resources Inc.**

"Phil Geiger"

Phillip D.C. Geiger, President & COO

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*The corporate information contained in this news release contains forward-looking forecast information. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonably accurate by CSRI at the time of preparation, may prove to be incorrect. The actual results achieved during the forecast period will vary from the information provided herein and the variations may be material. Consequently there is no representation by CSRI that actual results achieved during the forecast period will be the same in whole or in part as those forecast.*

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