



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. CLOSES PRIVATE PLACEMENTS

Calgary, AB August 16, 2006 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") ("SPI" TSX Venture) is pleased to announce that with the consent of the TSX Venture Exchange, it has closed two private placements issuing a total of 3,200,000 Units at a price of CDN \$2.05 for gross proceeds of CDN \$6,560,000. Each Unit consists of one Common Share in the capital of the Company and one Warrant. Each Warrant will entitle the holder to purchase one additional Share of the Company for one year at an exercise price of CDN \$2.50 per share. Each private placement was approved by the Board of Directors of CSRI.

Haywood Securities Inc. and CIBC World Markets acted as agents (the "Agents") for the Company for the placement of 2,200,000 Units on a best-efforts basis. A commission of 6 percent was paid to the Agents in cash upon closing and Haywood Securities Inc. received a corporate finance fee of CDN \$25,000.

The Company placed 1,000,000 Units on a non-brokered basis. Finders' fees of CDN \$29,448.25 were paid in respect of certain subscriptions, excluding subscriptions by directors, officers, employees and certain major shareholders.

The Shares, the Warrants and any shares issued upon exercise of the Warrants will be subject to a four month hold period expiring, in the case of the brokered private placement, on December 12, 2006 and in the case of the non-brokered private placement, on December 16, 2006.

Proceeds of these private placements will be used to fund the drilling and completion of two wells at Farrell Creek, British Columbia; the initial costs associated with a planned tie-in of the Company's pilot project to the Duke Energy pipeline system; and for general corporate purposes. These two wells will form part of the Company's pilot production program at Farrell Creek and are designed to further confirm the productivity of the Gething Formation as demonstrated by the Company's b-92-H well drilled and completed in January 2006. The first of these two wells (b-03-I) was spud on August 4, 2006 and rig released on August 11, 2006. Completion of this well is expected to commence in late August. For the balance of 2006, the Company plans to drill and complete an additional two wells using innovative techniques designed to optimize natural gas production relative to the cost of bringing each well on-stream.

As a result of these private placements, there are now 28,833,082 shares of CSRI outstanding.

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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