



## **NEWS RELEASE**

### **CANADIAN SPIRIT RESOURCES INC. ANNOUNCES CORPORATE UPDATE**

**Calgary, AB October 2, 2006 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (“SPI” TSX Venture)** announces that it has spud and is currently drilling b-02-I, the fourth test hole in the pilot production program at Farrell Creek, British Columbia. The drilling and casing of this test hole is expected to take approximately six days with stimulation and production testing anticipated to commence during the latter half of October.

The b-02-I test hole is expected to further confirm production repeatability in the project area at a reduced completion and fracture stimulation cost.

Water pumps have now been installed in c-83-H and b-92-H and production testing has resumed. The b-03-I test hole is continuing to flow without the aid of a water pump. All three wells are currently flaring natural gas and further information on productivity will be provided as soon as a stabilized production rate or trend is achieved for each test hole.

The tapping of the Duke Energy pipeline to enable the tie-in of the Company’s pilot production program at Farrell Creek is set to proceed as scheduled the second week of October.

Effective September 19, 2006, the Company granted stock options to four non-executive employees entitling them to acquire a total of 41,000 shares in the Company at an exercise price of \$2.05 per share. The Company’s practice is to set the exercise price of stock options at the greater of market price or the price at which shares were issued to the public within the previous ninety days.

The Company also announces that Brian C. Mahood, Vice President, Exploration will be leaving CSRI effective September 30, 2006 to pursue other opportunities.

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 identify and 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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