



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES THIRD QUARTER 2006 FINANCIAL RESULTS

Calgary, AB November 29, 2006 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (“SPI” TSX Venture) announces the release of its financial results and Management Discussion and Analysis for the three and nine month periods ended September 30, 2006.

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 at Farrell Creek, British Columbia.

Highlights since the second quarter are:

- The third well in the Company’s pilot project, Farrell b-03-I, drilled, completed and production tested demonstrating repeatability;
- The fourth well in the Company’s pilot project, Farrell b-02-I, drilled and completed at a reduced cost and is currently flowing back water and natural gas;
- All approvals in place to allow “hot-tap” of Duke Energy pipeline to proceed; and
- Dean Hill appointed Vice President, Finance

Selected Financial Data (\$ CDN)

For the nine month periods ended on or as at September 30	2006	2005
Total revenue	\$ 235,760	\$ 346,535
Net loss	(770,189)	(2,309,227)
Net loss per share (Basic and Diluted)	(0.03)	(0.10)
Working capital	4,972,578	12,126,598
Total assets	38,686,923	32,830,851
For the three month periods ended on September 30	2006	2005
Total revenue	\$ 36,970	\$ 217,952
Net gain (loss)	174,092	(469,598)
Net gain (loss) per share (Basic and Diluted)	0.01	(0.02)

The Company had no operating revenue during the first three quarters of 2006 or the comparative period and recorded a small gain of \$0.2 million and a loss of \$0.8 million for the three and nine months ended September 30, 2006 respectively (2005: losses of \$0.5 and \$2.3 million). Stock-based compensation expense was again a very significant factor representing a recovery of \$431,560 in the three month period and a charge of \$18,353 in the nine month period both ended September 30, 2006 (2005: a charge of \$448,559 and \$1,934,904).

The stock-based compensation recovery booked in the third quarter is related to the Company's stock appreciation rights ("SARs") plan. Due to the share price decline from \$2.46 per share at the end of June 2006 to \$1.63 per share at the end of September 2006, the potential contingent payments previously accrued under these instruments has been reduced.

Decreased revenue in both comparative periods was due to the suspension of management fees under a joint venture agreement effective March 31, 2006 and to lower average cash balances in 2006.

Cash administrative expenses for the three and nine month periods ended September 30, 2006, after the capitalization of costs directly related to exploration activity, were \$259,566 and \$889,828 respectively (2005: \$226,910 and \$691,069). Capitalized overhead for the three and nine month periods ended September 30, 2006 was \$132,864 and \$454,480 respectively (2005: \$143,910 and \$406,848).

Capital expenditures in the nine month periods ended September 30 in each of the past two years are detailed in the following table:

(in \$ CDN)	2006	2005
Lease acquisitions and retentions	\$ 70,399	\$2,207,650
Geological and geophysical	17,593	81,561
Drilling and completion	7,972,259	2,555,840
Capitalized overhead	<u>454,480</u>	<u>406,848</u>
Total petroleum and natural gas	8,514,731	5,251,899
Office equipment and furnishings	<u>15,640</u>	<u>67,745</u>
Total capital expenditures	<u>\$8,530,371</u>	<u>\$5,319,644</u>

The majority of the field work undertaken during the first nine months of 2006 involved the completion and production testing of the Farrell c-83-H and Farrell b-92-H wells and the drilling, completion and production testing of the Farrell b-03-I well.

For 2006, the Company has a base capital budget of \$10.3 million which includes an estimated \$550,000 for capitalized overhead and \$25,000 for administrative capital equipment. The Company's budget is reviewed and approved by the Board of Directors on a quarterly basis.

Long term financial liabilities of \$809,662 at September 30, 2006 were principally the accrued contingent liability for cash payments to key employees pursuant to SARs granted in 2003. Payments under these SARs agreements are conditional upon the achievement of specified production targets or profit thresholds. The balance of this figure represents the current asset retirement obligation of the Company.

Operations Update

CSRI has made significant progress this year in the development of a pilot project at Farrell Creek. To the end of September, three test holes c-83-H, b-92-H and b03-I have been completed and production tested in the range of 125 mcf/d to 300 mcf/d. Efforts to optimize production from these test holes are continuing.

Since September 30, a fourth test hole, b-02- I has been drilled and was successfully fracture stimulated on November 16, 2006. This is the fourth well that has been completed for production and is currently flowing water and natural gas to a temporary facility. Within the next week, the Company plans to install production tubing and tie-in this test hole to a more permanent facility which will allow proper measurement of water and natural gas. Capital costs associated with the b-02- I test hole have been reduced relative to the previous three test holes completed for production.

Landowner approval has been received for the right-of-way of the Company's planned pipeline connecting the proposed field processing facilities at Farrell Creek with the Duke Energy sales pipeline. This approval will enable the "hot-tap" of the Duke Energy pipeline to proceed. CSRI has retained Polaris Engineering Ltd. to lead the design and construction of the field facilities, pipeline and gathering system required to tie-in the Farrell Creek pilot project. Subject to the performance of the pilot project and natural gas prices, the Company's goal is to have these facilities in place and natural gas flowing to market during the third quarter of 2007.

A Scheme Application for Farrell Creek has been prepared and was submitted to the B.C. Oil and Gas Commission for approval. Regulatory approval of the Scheme Application will facilitate timely development of the pilot project and extend the confidentiality period for certain technical information. Approval may be received by the first quarter of 2007.

To be effective December 4, 2006, the Board of Directors has appointed Dean G. Hill, CA to the position of Vice President, Finance of the Company. Mr. Hill, a Chartered Accountant, holds a Bachelor of Commerce degree from the University of Alberta and brings to CSRI a depth of financial and accounting experience gained in public audit and private industry roles. At the commencement of this employment, Mr. Hill has been granted stock options to purchase 100,000 common shares of the Company at a price of \$2.15 per share pursuant to the terms of the Company's Stock Option Plan. These options will have a term of five years and vest over three years.

Additional Information

Financial statements and management's discussion and analysis of operations and financial conditions can be found on SEDAR at www.sedar.com.

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

"Phil Geiger"

Phillip D.C. Geiger, President & COO

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