



Canext Energy Ltd.  
660, 639 – 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P-0M9  
Phone (403) 263-3232  
Fax (403) 234-8773

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## **August 16, 2006 – Canext Energy Ltd. Proposed Acquisition and Operation Update.**

Calgary, Alberta - Canext Energy Ltd. (“Canext” or the “Company”) is pleased to announce it has signed a letter of intent to acquire certain oil and gas interests in the Pouce Coupe / Gordondale area of Alberta for \$3,375,000. The company has allocated \$2,223,000 of the purchase price to current production of 45 boepd plus 20 boepd of gas temporarily shut-in due to high line pressures. The balance of the purchase price (\$1,152,000) has been allocated to 7,680 net undeveloped acres most of which are adjacent to the Company’s existing Pouce Coupe land holdings. After a preliminary review the Company has identified 6-8 drilling opportunities which it plans to pursue in the next 12-18 months. The acquisition is subject to regulatory approval, normal industry terms and conditions along with rights of first refusal on a portion of the assets. Closing is anticipated on or about September 30<sup>th</sup>, 2006.

Canext is also pleased to announce drilling operations have commenced. The first well (43.75% WI) at Pouce Coupe has been successfully drilled and cased. Completion operations are pending while the drilling rig is moving to the second of three proposed wells at Pouce Coupe. In addition, following success at recent land sales, Canext has increased its undeveloped acreage to over 30,000 net acres on the Peace River Arch. Finally, the Company’s 35% WI well at Teepee commenced production on August 11<sup>th</sup> at 3 mmscf/d (1 mmscf/d net or 167 boepd).

Canext continues to evaluate exploration, development and acquisition opportunities which compliment its growth strategy.

### *Reader advisory:*

*The term “BOE” may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio for natural gas of 6 mscf: 1 bbl has been used which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

*Investors are cautioned that the preceding statement of the Company may include certain estimates, assumptions and other forward-looking information. The actual future performance, developments and/or results of the Company may differ materially from any or all of the forward-looking statements, which include current expectations, estimates and projections, in all or part attributable to general economic conditions and other risks, uncertainties and circumstances partly or totally outside the control of the Company, including natural gas/oil prices, reserve estimates, drilling risks, future production of gas and oil, rates of inflation, changes in future costs and expenses related to the activities involving the exploration, development and production of gas and oil hedging, financing availability and other risks related to financial activities.*

**The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.**

For further information contact:  
Canext Energy Ltd.  
Stephen Kapusta, President & CEO  
(403) 263-3232  
skapusta@canextenergy.com